



# ***Daily Report***

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## **China**

FBIS-CHI-92-220  
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# Daily Report China

FBIS-CHI-92-220

## CONTENTS

13 November 1992

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

### INTERNATIONAL AFFAIRS

#### General

Singapore's Lee Kuan-yew on Sino-U.S. Ties [ZHONGGUO XINWEN SHE] .....	1
Japan, NATO Security Conference Opens in Tokyo [XINHUA] .....	1
Government on Draft Chemical Warfare Convention [XINHUA] .....	1
Ridding Developing Nations of Poverty Urged [XINHUA] .....	1
Conflicts Blamed for World Refugee Problem [XINHUA] .....	2
Economists Comment on Economic Development [XINHUA] .....	3
Bank Opens Agencies in ROK, Cayman Islands [XINHUA] .....	4
International Conference on Development Opens [XINHUA] .....	4

#### United States & Canada

Clinton's Foreign Policy Priorities Viewed [XINHUA] .....	4
Cautions Against 'Overnight Miracles' [XINHUA] .....	5
U.S. China Policy in Wake of Clinton Victory [Hong Kong WEN WEI PO 12 Nov] .....	5

#### Central Eurasia

Turkmenistan Hopes To Develop Relations [XINHUA] .....	6
Scholar Addresses Seminar on Sino-Russian Ties [XINHUA] .....	7
Russia's Kozyrev Sends Message [XINHUA] .....	8
Heilongjiang, Russian Company Sign Mining Accord [Harbin Radio] .....	9

#### Northeast Asia

CPPCC Official Meets Japanese Peace Guests [XINHUA] .....	9
Japanese Agricultural Research Produces Results [XINHUA] .....	9
Guangdong Governor, Delegation Visit Japan [Guangzhou Radio] .....	9
Tianjin Official Meets Mongolian Guests [TIANJIN RIBAO 3 Nov] .....	9

#### West Europe

Deng Orders No 'Concession' to UK on Hong Kong [Hong Kong MING PAO 13 Nov] .....	9
China-Portugal Liaison Group Meeting Opens [XINHUA] .....	10
German Parliamentarians Meet NPC Delegation [XINHUA] .....	11
Foreign Trade Minister Meets German Minister [XINHUA] .....	11
Luxembourg Minister on Important Role for China [XINHUA] .....	11
Anniversary of Ties With Luxembourg Marked [XINHUA] .....	11
State Councillor Meets Finnish Visitors [XINHUA] .....	12
Zou Jiahua Receives Dutch Trade Minister [XINHUA] .....	12
Li Tieying Meets Dutch Film Maker's Widow [XINHUA] .....	12
Government, Cyprus Cooperate in Combating Crime [XINHUA] .....	12
Tourism Delegation Concludes Trip to Europe [XINHUA] .....	12

#### Latin America & Caribbean

Yang Shangkun Receives Chilean President [XINHUA] .....	13
Government Signs Mining Agreement With Brazil [XINHUA] .....	13
CPPCC Official Meets Uruguayan Delegation [XINHUA] .....	13



## NATIONAL AFFAIRS

### Political & Social

QIUSHI Editorial on Building Socialism [1 Nov] .....	14
On Deng's 'Tough Politics, Soft Economy' [Hong Kong CHING PAO 5 Nov] .....	21
Jailed Zhao Aide's Family Seeks Medical Treatment [Hong Kong SOUTH CHINA MORNING POST 12 Nov] .....	25
Writer Yang Mo Wins Reputation Suit [ZHONGGUO XINWEN SHE] .....	26
Official Comments to NPC on Patten's 'Sophistry' [Hong Kong WEN WEI PO 8 Nov] .....	27
'Text' of NPC Law on Safety in Mines [XINHUA] .....	30
Departments Under State Council Pledge To Improve [Beijing Radio] .....	34
Nation To Reform Academic Degree Administration [XINHUA] .....	34
Article on Streamlining Administration, Part Two [LIAOWANG 14 Sep] .....	34
Conference Studies Intellectual Property Rights [XINHUA] .....	37
Enterprise Ideological-Political Seminar Opens [XINHUA] .....	37
Jiang Zemin Writes Name of Children's Journal [XINHUA] .....	38
Tian Jiyun Unveils 'Anhui-Styled' Monument [XINHUA] .....	38

### Military

Yang Baibing Reportedly in 'Minor Military Coup' [Hong Kong MING PAO 13 Nov] .....	38
Daily Views Changes in Military Strategy [Hong Kong MING PAO 9 Nov] .....	39
Influence of Zhang Zhen, Military Academies Noted [Hong Kong MING PAO 9 Nov] .....	40
Army Paper Discusses Army's 'Fine Traditions' .....	41
Calls for Maintaining Traditions [JIEFANGJUN BAO 30 Oct] .....	41
Need To Obey Party Stressed [JIEFANGJUN BAO 6 Nov] .....	42
Army Unity Stressed [JIEFANGJUN BAO 10 Nov] .....	44
Correction to Zhejiang District Studies Congress .....	45

### Economic & Agricultural

Number of Foreign-Funded Enterprises Increases [XINHUA] .....	45
Beijing To Enforce Control Over Transit Goods [XINHUA] .....	45
Association To Set Up Foreign Investors Center [XINHUA] .....	46
Overseas Firms To Help Develop Ocean Oil Fields [XINHUA] .....	46
Farm Seed Base Planned Near Vietnam Border [Nanning Radio] .....	46
'Preliminary Analysis' of Rapid Economic Growth [ZHONGGUO JINGJI TIZHI GAIGE 23 Oct] .....	47
Total Imports, Exports Rise 19.7 Percent Jan-Oct [XINHUA] .....	49
Imports of Key Raw Materials To Increase [CHINA DAILY 13 Nov] .....	50
Imports of Textile Technology, Equipment Rise [XINHUA] .....	50
Corporation To Issue New State Investment Bonds [XINHUA] .....	50
State To Issue Bonds for Construction Projects [XINHUA] .....	51
Government To Open 10,000 Retail Sales Markets [XINHUA] .....	51
'Spark Program' Completes 34,600 Projects [XINHUA] .....	51
Civil Aviation Regulations on Foreign Investment [XINHUA] .....	51
CAAC Director Addresses Civil Aviation Seminar [XINHUA] .....	52
Plastics, Rubber Machinery Group Established [XINHUA] .....	52
Cement Plants To Supply Three Gorges Project [CHINA DAILY (BUSINESS WEEKLY) 8 Nov] .....	52
Circular Calls for Improving Water Conservancy [XINHUA] .....	53
Grain Ration Coupons Losing Original Function [XINHUA] .....	54
Provincial Congresses Approve Agriculture Laws [XINHUA] .....	55
Ministry Promotes Socialist Market Economy [XINHUA] .....	55
Chen Jinhua on Changing Operation Mechanism [LIAOWANG 14 Sep] .....	56
Economists View Socialist Market Economy [LIAOWANG 31 Aug] .....	58
Seminar Discusses Economist Jiang Yiwei's Views [ZHONGGUO XINWEN SHE] .....	62

## REGIONAL AFFAIRS

### East Region

Fujian Secretary Addresses CPPCC Committee [Fuzhou Radio] .....	64
Jiangxi Governor on Operational Mechanisms [Nanchang Radio] .....	64
Shanghai Opens Up Wider for Foreign Investment [XINHUA] .....	64

### Central-South Region

Guangdong Secretary Speaks on Administrative Reform [Guangzhou Radio] .....	65
Hainan Party Committee Discusses Economic Situation [Haikou Radio] .....	65
Hainan Governor on Role of Science, Technology [Haikou Radio] .....	66
Hainan Governor Welcomes UN Industrial Experts [Haikou Radio] .....	66
Henan Secretary on 14th CPC Congress Guidelines [Zhengzhou Radio] .....	66
Hubei Governor Speaks at Grain, Cotton Meeting [Wuhan Radio] .....	67
Hunan Party Committee on Socialist Market Economy [Changsha Radio] .....	67

### North Region

Tianjin Namelist of Newly Appointed Personnel [TIANJIN RIBAO 4 Nov] .....	67
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### Northwest Region

Xinjiang CPPCC Standing Committee Meeting Ends [Urumqi TV] .....	68
--	----

## PRC MEDIA ON TAIWAN AFFAIRS

Trade Minister Hopes for Taiwan GATT Membership [CHINA DAILY 10 Nov] .....	69
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## HONG KONG & MACAO

### Hong Kong

Procedures To Be Simplified for Reporters Visits [XINHUA] .....	70
Local XINHUA Office To Help PRC Workers [XINHUA] .....	70
Police Cooperate With Guangdong Counterparts [XINHUA] .....	70
More Vietnamese Refugees Return to Vietnam [XINHUA] .....	71
Argentine Foreign Minister Stops Over .....	71
Says PRC Unlike Cuban 'Aberration' [NOTICIAS ARGENTINAS] .....	71
Meets With Governor Patten [TELAM] .....	72
Argentina Not Third World Country [NOTICIAS ARGENTINAS] .....	73

## General

### Singapore's Lee Kuan-yew on Sino-U.S. Ties

HK1211122092 Beijing ZHONGGUO XINWEN SHE  
in English 0920 GMT 12 Nov 92

[Text] Hong Kong, November 12 (CNS)—Trade confrontation between China and the United States in the event of cancellation of China's Most Favoured Nation (MFN) status by the U.S. would have long-term serious effects on peace and stability in the Asia Pacific region, according to the Senior Minister of Singapore, Mr. Lee Kuan-yew.

Speaking in an interview at the end of his South African visit with reporters who had accompanied him, Mr. Lee said that the U.S. Congress would review China's MFN status in June, 1993 when, according to the "LIANHE ZAOBAO", the Clinton administration is expected to appoint a panel to look into this issue and measure the impact on Hong Kong, Taiwan and other Asian and Pacific countries should China's MFN status be revoked. Some pragmatic officials in the incumbent Clinton administration were convinced that there would be an economic blow against China should its MFN status be revoked, but this would stop short of resulting in a dramatic change in the country. China would retaliate by taking an uncooperative stance in the U.S.'s Security Council as well as on disarmament and on regional problems including the Middle East.

Mr. Lee stressed that those Americans with experience in Sino-American relations know that by pushing China into a confrontational position with the U.S., serious long-term effects on peace and stability in the Asia Pacific region would occur. Should China and the U.S. become strongly hostile to each other, good prospects for a peaceful future as outlined by the Asia Pacific Economic Cooperation Forum would be in jeopardy.

### Japan, NATO Security Conference Opens in Tokyo

OW1211032092 Beijing XINHUA in English 0220  
GMT 12 Nov 92

[Text] Tokyo, November 12 (XINHUA)—Japan and the North Atlantic Treaty Organization (NATO) opened a two-day conference in Tokyo today to discuss post-Cold War security issues.

High-level Japanese and NATO officials, as well as military experts and scholars from Japan, North America and Europe are attending the conference, the second of its kind following one held in Belgium in June 1990.

Participants are expected to discuss prospects for cooperation between the three regions and assess current and future developments in the former Soviet Union at the opening day of the meeting.

On Friday [13 November], the conference will tackle the issues of security in the Asia-Pacific region and the future role of nation [as received], the 16-nation Western military alliance.

### Government on Draft Chemical Warfare Convention

OW1211223292 Beijing XINHUA in English 2215  
GMT 12 Nov 92

[Text] United Nations, November 12 (XINHUA)—China says the draft convention on prohibition and destruction of chemical weapons (CW) will undoubtedly be conducive to maintaining world peace and security.

Reiterating China's position on the draft CW convention today at the first committee, Chinese Ambassador Hou Zhitong said the draft convention lays down an international legal basis for eliminating the entire category of CW weapons of mass destruction from the whole world.

Standing for the fundamentally correct purposes and objectives of prohibition and destruction of chemical weapons, he continued, the draft enjoys broad approval and support from the international community.

"The full achievement of these purposes and objectives, leading to a chemical-weapon free world, will undoubtedly be conducive to maintaining international peace and security," he added.

Ambassador Hou said that China, as a non-CW state and a victim of the scourge of foreign chemical weapons, has consistently stood for complete prohibition and thorough destruction of such weapons and their production facilities, and has made contributions to the conclusion of the draft convention by taking an active part in the negotiations on the draft.

However, the ambassador pointed out, the draft convention contains some defects, lacks proper balance and not adequately reflects the just demands and reasonable propositions of numerous developing countries.

Therefore, like many other countries, China cannot help expressing its concern and reservation over such drawbacks of the draft convention, the ambassador said, hoping that these problems will be resolved constructively.

The draft convention was concluded by the conference of disarmament last September at Geneva after 20 years of negotiations.

### Ridding Developing Nations of Poverty Urged

OW1311004692 Beijing XINHUA in English 2308  
GMT 12 Nov 92

[Text] United Nations, November 12 (XINHUA)—China today appealed to the international community, particularly the developed donor countries, for support in helping the developing nations to eradicate poverty.

Addressing the second committee (economic and financial) of the 47th UN General Assembly this afternoon, Chinese representative Ma Zhaoxu noted that they should act quickly to fulfill their pledges to improve their aid in both quantitative and qualitative terms.

They should also focus the limited amount of aid on helping developing countries eradicate their poverty while exploring other means and channels to increase financial and technical aid for such purpose, the Chinese delegate said.

According to him, the eradication of poverty in developing countries should be viewed as a common responsibility of all members of the international community. "Progress in this area will contribute to the prosperity and stability of the developed countries as well as the development of the developing countries themselves," he added.

The World Bank and the International Development Association (IDA) in particular should play their due role in this regard, Ma said while hoping that the World Bank and the donor countries will work to ensure matching the scale of the tenth replenishment with the needs of reform and development of the low-income countries while IDA-10 should be substantially expanded over the level of IDA-9.

Ma also urged the developed donor countries to work towards creating favorable conditions for developing countries by means of improving their terms of trade, reducing their debt burdens and helping them protect their environment since poverty is closely related to these issues.

On the United Nations, he pointed out, it should further strengthen its work in the area and step up its cooperation and coordination with multilateral financial institutions in the field of poverty eradication.

It should give full play to its comparative advantages in an effort to do more concrete work in eradicating poverty in developing countries, he suggested.

Statistics showed that now in the nineties of the 20th century, there are still more than 1.1 billion people living in poverty, of whom over 0.6 billion in abject poverty. Also in the developing countries, more than 100 million children do not have access to primary education.

"Poverty constitutes one of the gravest challenges facing mankind, for it has not only had dire social and economic consequences for the developing countries but has also become a major source of conflict and instability in today's world," he stressed.

Noting a growing awareness of the international community in the areas, Ma said the key to eradicating poverty lies in unleashing the economic prowess within poor countries and regions and directing it to developmental activities with a view to gradually building endogenous capacities for developing a commodity economy through self-help.

"What matters most in this regard is the efforts made by the poor countries themselves", however their efforts should receive "substantial external support", he added.

He said the Chinese Government attaches great importance to eradicating poverty in the poor regions and international cooperation has played an important role in China's efforts in this aspect.

While relying mostly on itself, China still needs such support and cooperation, Ma said.

### Conflicts Blamed for World Refugee Problem

OW1211211392 Beijing XINHUA in English 1995  
GMT 12 Nov 92

[Text] United Nations, November 12 (XINHUA)—China stressed here today that the key to solve the refugee problem lay in combating foreign aggression and building a new international economic order.

These remarks were made by Liu Zhixian, Chinese representative to the Third Committee (social, humanitarian and cultural) of the 47th U.N. General Assembly during its session to examine the issue of refugees.

Liu said that the issue was closely related to world peace and development and to solve the problem the international community should make concerted effort to combat foreign aggression on the one hand and restructure the existing irrational and unjust international economic order on the other.

The committee took up the issue Tuesday [10 November] when it heard a report by Sadako Ogata, United Nations High Commissioner for Refugees (UNHCR), who said that nowadays there was an inexorably increasing refugee problem driven by resurgent nationalism, ethnic strife and serious economic dislocation.

According to the UNHCR the world had been confronted with some three million refugees or affected persons in former Yugoslavia, a massive influx of refugees, exceeding 420,000, from Somalia into Kenya, 1.5 million from Mozambique into Malawi and Zimbabwe, and 250,000 from Myanmar [Burma] into Bangladesh, to name only a few.

In his statement, the Chinese representative also said that in assisting and protecting refugees, the UNHCR should continue to uphold its humanitarian and non-political principles.

"We do not favor injecting ideological debate in the work of refugees, nor do we favor the politicization of the question of refugees," Liu added, "because this is contrary to the statute of UNHCR and detrimental to the solution of the problem of refugees."

At the same time, he urged the international community not to lose sight or scale down the assistance to the tens of millions of refugees in Asia, Africa and Latin America



where the problem was most serious, and appealed to the world community, particularly the developed countries, to make generous contributions to help those suffering from the problem.

Liu also praised the achievements the UNHCR had made in the past few years, saying that China favored the proposition of the UNHCR office that the resolution of the refugee problem should be combined with development assistance and environmental protection.

"However," he said, "during the process of program planning and implementation, while fully respecting the opinions of recipient countries, attention should be paid to being practical and feasible, thereby benefiting refugees as early as possible."

#### **Economists Comment on Economic Development**

OW1211190692 Beijing XINHUA in English 1603  
GMT 12 Nov 92

[Text] Beijing, November 12 (XINHUA)—What measures should be taken to treat problems arising from China's transformation to a market economy? How can speedy yet stable economic development be ensured? In what way should the central bank operate under a market economy?

More than 50 Chinese and foreign economists participating in the fourth international conference on China's economic development expressed their ideas on various aspects of China's economic development under the new economic conditions.

Leading economist and vice-president of the Chinese academy of social sciences Liu Guoguang held that, to ensure an economic growth rate of eight to nine percent during the 1990s, China should further perfect directive policies while exploring market functions. This includes flexible periodic readjustment to prevent sharp fluctuations and undue inflation.

Meanwhile, the improvement of product structure and working efficiency should be made the base for high-speed development, as well as seeking new energy from new economic systems, he stressed.

Yuan Enzhen, director of the Institute of Economics under the Shanghai Academy of Social Sciences, said that imbalances in China's economic development have been displayed in the development process, regional distribution, industrial structure, general supply and demand of the national economy, financial income and expenditure and some other aspects, which are mainly due to influences of natural resources, historical factors and economic cycles.

These imbalances still derive from normal conditions of economic operation, Yuan stressed. He said that under the socialist market economy, China should correctly master these imbalances.

First, when the economy is in the ascendant, measures should be taken to leap forward. In recent years China's economy has been developing at a fairly high speed and has used extensive foreign funding for development, a good strategy for moving forward rapidly.

Secondly, focal points should be identified in both the regional structure and industrial structure, and policies for key development or inclining development should be adopted.

Thirdly, these imbalances should be introduced to various domains of the economy, such as in salary distribution, for which disparities are necessary.

Thomas Hoenig, president of the Federal Reserve Bank of Kansas City, made detailed comparisons between China and the United States in fiscal and monetary conditions, saying that, in the switch-over to a market economy, the People's Bank of China should pay attention to the following points:

First, the bank should continue to work toward stabilized prices. It is very important to avoid inflation when Chinese prices receive pressures from the market. If China wants to benefit continuously from economic reform, it is necessary to have a complete monetary system. With high-speed economic development, the bank should adopt more effective measures to control the issuing of money and granting of loans.

Secondly, under the new market system, an important role of the bank is to ensure the safety and efficiency of the newly-established financial and monetary market, which demands the establishment of laws and management regulations to match the high-speed development of the financial and monetary market.

Thirdly, the bank should, to a rational extent, have independent rights in implementing monetary policies, and it is quite important for monetary policies to be separate from government financial policies.

Xu Zhihe, honorary director of the Institute of Sectoral Economic Research under the Shanghai Academy of Social Sciences, stressed that switching to a market economy demands swift perfection of the market system, including the markets in commodities and materials, labor, capital, real estate, technology and information.

Meanwhile, to standardize the economic behavior of governments, enterprises and individuals and ensure development of the market economy, China should establish and perfect economic law systems accommodating to the new economic system, which include laws in enterprise management, commodity circulation, monetary affairs, real estate and taxes.

In addition, laws involving environmental protection, labor protection, maritime commerce, ships, water diversion and some other aspects should also be established or perfected according to the demands of economic development, so that all kinds of economic activity have their own laws to abide by.

Professor Ross Garnaut from the Australian National University said that "there is no conclusive evidence that greater openness of China's economy had a net adverse effect on China's domestic stability in the 1980s. The open policies have been significantly stabilizing over the past decade."

Director of the American Committee on Asian Economic Studies Jan Dutta said that in China's socialist market economy, microeconomic factors are basically different from those of a capitalist market economy, and they cannot be expected to operate in the way their counterparts do in the capitalist market economies elsewhere.

During the conference, which ended this afternoon, economists from the United States, Japan, Australia, India, South Korea and some other countries also compared China's economic development with that in other countries and regions.

#### **Bank Opens Agencies in ROK, Cayman Islands**

*OW1311104192 Beijing XINHUA in English 1029  
GMT 13 Nov 92*

[Text] Beijing, November 13 (XINHUA)—The Bank of China has opened an agency in Seoul, capital of the Republic of Korea, and a branch office in the Cayman Islands in the Caribbean.

The Seoul Agency is the first financial organization China has opened in the Republic of Korea. The agency is expected to play a key role in promoting economic and trade exchanges and financial co-operation between the two countries.

The Cayman Islands branch will mainly engage in business in U.S. dollars.

A tax-exemption law passed in 1969 makes the Cayman Islands an important international financial center.

#### **International Conference on Development Opens**

*OW1011143792 Beijing XINHUA in English 1207  
GMT 10 Nov 92*

[Text] Beijing, November 10 (XINHUA)—The fourth international conference on China's economic development opened this morning in Beijing, with 50 Chinese and foreign economists and scholars participating.

Liu Guoguang, leading economist and vice-president of the Chinese Academy of Social Sciences, chaired today's opening ceremony.

He said that the conference will focus on the stable development of China's economy, with topics involving: the environment and policies for China's stable economic development; China's economic reform and development; the efficiency of economic increase and its influence on trade; China's economic development,

technological advancement and their international comparisons; China's reform on monetary, foreign trade and price systems, as well as the transformation of enterprise management systems.

Liu made a special report on the past, present and future of China's economic development. He summed up the development process of China's economy since the implementation of the opening and reform policies, analyzed the present economic development conditions, and forecast the development tendency of the Chinese economy from the point of view of a socialist market economy.

He held that although problems do exist in China's economic development, an increased speed of eight to nine percent will still be maintained during the 1990s. To ensure the target, directive policies should be improved while exploring market functions.

One is to improve the overall management and carry out flexible periodic regulations to prevent sharp fluctuations and control the deficit scale. Attention should be paid to new changes in investment and inflation mechanisms, so as to avoid undue inflation; the second is to make the improvement of product structure and working efficiency as the energy in reform of systems.

He stressed that to realize a sustained, efficient and high-speed development, the most important factor is to speed up reform and expand opening.

William Vickrey, president of the American Economic Association, also delivered a speech this morning on the threat of inflation to China's high-speed economic development, while Lawrence Klein, Nobel laureate in economics and professor at the University of Pennsylvania, made a speech on the importance of inflation-control.

The 15 overseas participants of the conference are from the United States, Australia, Japan, South Korea, India and Bangladesh, while the 35 Chinese representatives are all noted figures in economic circles.

The conference will close on Thursday.

#### **United States & Canada**

##### **Clinton's Foreign Policy Priorities Viewed**

*OW1211223392 Beijing XINHUA in English 2156  
GMT 12 Nov 92*

[Text] Washington, November 12 (XINHUA)—U.S. President-elect Bill Clinton said today that a new defense budget, nuclear arms reduction, non-proliferation of weapons of mass destruction and global trade issues will be the top foreign policy considerations in the early days of his administration.

Speaking at his first press conference since election, Clinton said that in the first 100 days, his administration "will be settling on a multi-year plan for a defense

budget" which will both keep the U.S. military power status and deals with the "necessity to down scale."

He said that his administration will also pursue the "continued efforts to reduce nuclear weapons with Russia and with other nuclear powers; working hard to stop the proliferation of weapons of mass destruction, nuclear, biological and chemical."

Clinton pledged to keep "the Middle East peace process on track", solve the outstanding trade issues with Mexico and Europe and find a "cooperative strategy with the other major economic powers to promote global growth."

The nuclear arms issue "has been a concern of mine for some time", Clinton said, "I think we will have to work on the right kind of test ban", indicating that he may depart from the Bush administration's refusal to an international treaty to ban nuclear testing.

The president-elect also reiterated that the Bush administration's practice of sending back Haitian refugees was "an error" and that they should "get a chance to make their case."

Clinton said that he would change the policy concerning Haitian refugees, but he did not specify his policy.

#### Cautions Against 'Overnight Miracles'

OW1311004592 Beijing XINHUA in English 2309  
GMT 12 Nov 92

[Text] Washington, November 12 (XINHUA)—U.S. president-elect today promised to take "aggressive and prompt action" to revive economy, but he also told his fellow countrymen there would not be "overnight miracles".

In his first post-election press conference in Little Rock, Arkansas, Clinton also announced the appointments of more members of his transition team which will arrange the power shift from the Bush administration to the Clinton administration.

According to American press reports, the new members include Professor Robert Reich of Harvard University who will oversee the economic team, Judy Feder who will head the health care team and Sandy Berger, a Carter administration official who will be in charge of the foreign policy team.

Speaking at the press conference, Clinton said that he has both "a short-term economic agenda" and "a long-term economic commitment" to increase productivity and provide more jobs. "I expect to keep the focus on these economic issues."

However, "I think the American people understand that these problems are of long duration and there won't be any overnight miracles," Clinton said, "I think they expect aggressive and prompt action and I'm going to give it to them."

The president-elect said that in his first 100 days, he will ask the Congress to adopt an investment tax credit and accelerate the investment in the nation's infrastructure such as roads and water facilities.

Citing an independent consulting firm's evaluation, Clinton said that the proposed tax credit will create half a million private sector jobs in the first year alone.

He did not mention the size of funding on the infrastructure, although he pledged in the campaign that his administration would spend 20 billion dollars a year on infrastructural projects.

Clinton said that he will repeal a Bush administration ban on abortion counselling at federally funded clinics. He also promised to lift the ban on homosexuals in the military, but not until after being advised by a committee that he will appoint on the issue.

#### U.S. China Policy in Wake of Clinton Victory

HK1311104292 Hong Kong WEN WEI PO in Chinese  
12 Nov 92 p 2

["Special dispatch" from Beijing by staff reporter Chen Chien-ping (7115 1696 1627): "U.S. Policy Toward China Will Tend To Become Complicated—Perspective on Global Strategy To Be Adopted by Clinton"]

[Text] Beijing, 11 Nov (WEN WEI PO)—As the U.S. presidential election has ended and it has been confirmed that the Democratic Party's Bill Clinton will take over the White House early next year, diplomatic sources here hold that Sino-U.S. relations will become more complicated than they have been during the Bush era. However, they believe that confrontations between China and the United States will be kept within certain limits and will not deteriorate to the extreme, and it is possible that the two sides will cooperate with each other in certain aspects where they share common interests.

#### Maintaining U.S. Hegemony

Diplomatic circles here have evaluated and looked forward to future Sino-U.S. relations in light of Clinton's global strategic thinking. They hold that Clinton's global strategic thinking can be summed up by the following points:

- He realizes that despite the collapse of communism worldwide, many uncertain factors that may threaten the U.S. security still exist. Therefore the United States needs to keep vigilant.
- The United States should intervene in global affairs as its survival depends on its leadership over the world.
- In the future, the United States must adopt a non-isolationist attitude and actively exercise its leadership in international affairs, thus safeguarding its political and economic hegemony in the world.



- The United States must link its domestic policy with its foreign policy. It should first of all concentrate on increasing its internal national strength, and as far as foreign policy is concerned, the key lies in internal rather than external factors.
- The United States must try to increase its economic strength and strive for a greater share of world markets. It must take the necessary economic measures to get rid of existing threats and force its rivals to concede.
- The United States must further reduce military spending and maintain regular armed forces which are smaller in size but equipped with nuclear deterrent forces, rapid deployment capabilities, superiority in hi-tech equipment, and advanced intelligence. These armed forces can swiftly and rapidly react to any threat arising anywhere in the world against the United States.
- It is necessary to bring the role of U.S. allies and the United Nations into play. Allies should be asked to share more defense expenditure, and the United Nations should be asked to set up a rapid deployment force.

#### Sino-U.S. Relations Could Possibly Cool Further

To sum up, Bill Clinton's thinking on global strategy is based on a consideration of U.S. interests, with a view to maintaining regional stability by applying a balance of power strategy. It places more stress on economic, ideological, and nonmilitary means to fulfill the country's global strategy. Therefore, diplomatic sources here believe that Sino-U.S. relations could possibly cool further.

Besides, people have also noted that safeguarding democracy and human rights is the essence of the Democratic Party's political platform and of the Clinton doctrine that Clinton has pledged to pursue. Clinton will use all of America's democratic values as standards for the United States to evaluate relations between nations and between its enemies, its friends, and itself. Clinton also emphasized that the United States cannot be indifferent to the way other governments govern their countries. Since he is upholding this theory of power politics, it naturally implies that Clinton will possibly interfere in China's internal affairs and adopt an ideologically tougher China policy than that of his predecessor. At the same time, he is likely to pursue the consistent U.S. policy of supporting national separatist activities in China.

Diplomatic sources hold that Clinton, like many of his predecessors, will handle relations between nations in a pragmatic manner. As Clinton himself has stated, the United States needed to play the China card during the Cold War, but no longer needs to do so now. In a certain sense, China has lost its value as a bargaining counter in U.S. global strategy. On the other hand, China's economic strength and overall national power have increased rapidly in the past few years, and China's

national reunification process has been speeded up. Clinton has expressed his worries about this. Once China becomes strong, it will emerge as a force challenging U.S. hegemony in the Asia-Pacific region. Clinton of course will not be indifferent to this. All these factors will make Sino-U.S. relations more complicated.

#### There Is a Possibility of Sino-U.S. Cooperation

Diplomatic sources said that despite this situation they still believe that confrontation between China and the United States will be restrained to a certain extent. The reason is that Clinton's policy toward China will be conditioned by domestic economic interests, domestic policies, and many other factors. For instance, Clinton cannot ignore the enormous market in China and Sino-U.S. trade. He will have to think about the unfavorable economic impact that the loss of the China market could have on U.S. citizens. As long as he takes these factors into consideration, his China policy will have to be kept within such boundaries so that it will have no or a limited impact on U.S. domestic interests.

By the way, if one looks at the case from a global point of view and in light of Clinton's political platform, one will find that the greatest obstacle to U.S. efforts for dominance over the world is not China but Western Europe, Japan, and other developed Western capitalist countries. To solve the sharp contradiction between it and these countries, the United States sometimes needs the cooperation and mediation of China, as a country with a population of 1.1 billion and a permanent member of the UN Security Council. Past facts have shown that the United States sometimes needs to assume a compromising posture toward China when facing difficult international issues.

Diplomatic sources noted that the ultimate goal of Clinton's China policy is to introduce U.S.-style democracy to China. This implies that the United States, to a certain extent, will need to continue to set aside its policy of isolating China and to maintain contact with China to a rather large degree. This being the case, Sino-U.S. relations will not deteriorate to the extreme, and it will still be possible for the two countries to cooperate with each other in certain aspects where they share common interests.

### Central Eurasia

#### Turkmenistan Hopes To Develop Relations

OW1211151892 Beijing XINHUA in English 1412  
GMT 12 Nov 92

[Text] Moscow, November 12 (XINHUA)—Turkmenian President Saparmurad Niyazov said, "It is necessary to enhance the friendly cooperative relations between Turkmenistan and China to a new level."

The president said this during an interview with XINHUA at his office in Ashgabat, capital of Turkmenistan.

The president is going to pay an official visit to China November 19 to 23 at the invitation of his Chinese counterpart, Yang Shangkun.

After recalling historical ties between the two countries in the commercial and cultural fields, Niyazov noted that after becoming independent, Turkmenistan needs to revive the great silk road.

About his forthcoming visit to China, Niyazov said he regarded his China trip as the first step to expand bilateral cooperation.

Niyazov, who will head a delegation consisting of leaders from agricultural, industrial, cultural and health departments and mass organizations, expressed the hope that bilateral economic and trade agreements could be signed during the visit.

He said both Turkmenistan and China have taken initial and active steps in developing mutually beneficial cooperation.

Turkmenistan would like to hold dialogues with China in economic, social and political fields, he added.

Niyazov said his government would adopt an "open door policy" towards all countries which are willing to cooperate with it. Turkmenistan welcomes economic cooperation with Chinese enterprises, he added.

The president spoke highly of China's reforms and was delighted to see the economic development China had achieved in recent years.

He believed that his China tour will definitely help consolidate and strengthen the existing ties between the two countries.

#### **Scholar Addresses Seminar on Sino-Russian Ties**

OW1111114292 Beijing XINHUA in English 1117  
GMT 11 Nov 92

[Text] Beijing, November 11 (XINHUA)—There are favorable conditions and broad prospects for the growth of the relations between China and Russia, a Chinese scholar said here today.

Geng Huichang, director of the China Institute of Contemporary International Relations, said this at a three-day seminar on Sino-Russian relations under the current situation.

He listed three reasons for the growth of bilateral relations.

First of all, he said, much of the world has entered a period of peace and development. Asia and the Pacific region are stable. Countries all over the world have concentrated their efforts on economic construction. These factors have provided a good chance for the development of Sino-Russian cooperation.

The second reason is that both China and Russia are in a key period of accelerating reform and opening to the outside world.

In the case of China, he mentioned Deng Xiaoping who made remarks to promote China's reform during his south China tour early this year, and the recent 14th National Congress of the Chinese Communist Party which formulated the principles and steps for speeding up reform and opening to the outside world.

China needs a stable surrounding environment and more foreign cooperative partners to achieve such goals, the scholar said.

At the same time, he said, Russia also has drawn up principles and policies for accelerating reform and opening.

All this will give a tremendous impetus to furthering bilateral cooperation, he said.

Thirdly, China and Russia, two big neighbors, have shared special advantages in geographical position and resources as well as complementary economies.

The governments and peoples of the two countries have accumulated years of effective cooperative experiences. In the future, Geng said, they can carry forward the past cooperative tradition on the one hand, and create new cooperative forms according to the new situation on the other.

Geng said that through more than one year after dramatic changes in the international situation, relations between the two countries have still maintained a momentum of development, which shows that bilateral relations have a reliable basis.

He noted that after Russia's independence at the end of last year, the Chinese Government immediately sent a delegation to Moscow and signed a summary of talks between the two countries, reaffirming that treaties, agreements and communique on the normalization of diplomatic relations that the two countries had signed were effective, thus creating a new starting point for bilateral relations.

He said that early this year, Chinese Premier Li Peng met with Russian President Boris Yeltsin in the United States, which was followed by the Russian foreign minister's China visit.

President Yeltsin's China visit next month demonstrates a new stage for the relations between the two countries, he said.

Geng said that politically, the two countries can conduct dialogues and consultations in multiple ways and levels. In economics, he said, they can fully tap their potentialities for cooperation.

He said the governments of the two countries should make efforts to overcome difficulties in the fields of economy and trade so as to greatly promote local and border trade.

The two countries should also expand cooperation in science and technology, especially in high-tech, he added.

He stressed that it is imperative to adopt a cautious attitude towards the issues related to the sovereignty and important interests of the two countries.

Geng said China and Russia, as two big nations in the Asian and Pacific region and also permanent members of the U.N. Security Council, can cooperate in many fields and should bring their friendly relations to a new and all-round level.

On Asia and the Pacific, Geng said this region has entered a comparatively stable period after the world war and is marching forward to the 21st century.

He said peace and development have become a main trend in the region in the 1990s. Volatile issues in Afghanistan and Cambodia have gone the way of political settlement.

New progress made in dialogues between North and South Korea and the establishment of diplomatic relations between China and the Republic of Korea have eased the tension on the Korean peninsula, directing it toward peaceful resolution and exchange, he said.

Geng said Southeast Asian countries and other countries in the region are pursuing positive policies for safeguarding regional peace and stability.

He noted that China, Russia, the United States and Japan have all attached great importance to the development of the region.

This region has become the center of world economic growth. It was predicted that the economic growth rate in Asia's Western Pacific region in the 1990s will be five to six percent, he added.

He said the increase of arms equipment in some countries of the region has aroused worldwide attention. But it can not be said it is the beginning of a new arms race.

He said that negative factors remain in the region, but on the whole he finds the situation optimistic.

#### **Russia's Kozyrev Sends Message**

OW1111135492 Beijing XINHUA in English 1334  
GMT 11 Nov 92

[Text] Beijing, November 11 (XINHUA)—An international seminar on Sino-Russian relations opened here today.

Russian Ambassador to China I. Rogachev first addressed the meeting. He said that the seminar is only

about one month away from the forthcoming Russian president's visit to China. The visit will surely bring new things into the bilateral relations and open broad prospects for further Sino-Russian cooperation, he added.

Rogachev said that both Russia and China are now moving toward a market economy, which will have far-reaching impact on the bilateral relations.

Geng Huichang, president of the China Institute of Contemporary International Relations, and M.L. Zhitarenko, president of the Far East Institute of the Russian Academy of Sciences, made keynote speeches at the meeting.

Geng, after analyzing the current Asian-Pacific situation, said that in the past year the world was drastically changing while Sino-Russian relations developed steadily. This clearly shows that the relations between the two countries have a firm foundation.

He said that the condition for the Sino-Russian relations is favorable and the future is bright.

Zhitarenko said that China's current policy of accelerating and deepening reform and opening to the outside world has laid a good basis for China to enhance its ties with Russia and other Northeast Asian countries.

He noted that Sino-Russian relations should not be influenced by ideological factors and instead they should be based on the principle of non-interference in domestic affairs, equality and mutual benefit.

In a congratulatory message to the seminar, Russian Foreign Minister Andrey Vladimirovich Kozyrev noted that "Russia cherishes its good-neighborly relations with China. Now we are expecting the great event in the bilateral relations—the Russian president's visit to China. The visit will lift Sino-Russian relations to a new high level".

The three-day seminar is jointly sponsored by the Far East Institute of the Russian Academy of Sciences, the Institute of Eastern Europe and Central Asia Studies of the China Academy of Social Sciences (CASS) and the China Institute of Contemporary International Relations.

About 50 Chinese and Russian experts and officials attended the seminar.

Professor Zhang Wenwu, director of the Institute of Eastern Europe and Central Asia Studies of the CASS, and V.S. Myasnikov, deputy president of the Far East Institute of the Russian Academy of Sciences, presided over today's meeting.



**Heilongjiang, Russian Company Sign Mining Accord**

SK1311102792 Harbin Heilongjiang People's Radio  
Network in Mandarin 2200 GMT 12 Nov 92

[Summary] The Heilongjiang Gold Company and Russia's (Dongbei) Gold Company signed an agreement in Harbin on joint investment in developing the (Galuhe) gold mine. The (Galuhe) gold mine, located in Huma County of Heilongjiang Province, is a deep alluvial gold mine, and it is extremely difficult to use current domestic technology to develop it. Russia is a major gold-producing country of the world, and its (Dongbei) Gold Company, which is engaged mainly in the mining of alluvial gold, possesses advanced technology.

**Northeast Asia**

**CPPCC Official Meets Japanese Peace Guests**

OW1211152992 Beijing XINHUA in English 1352  
GMT 12 Nov 92

[Text] Beijing, November 12 (XINHUA)—Zhao Puchu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and vice-president of the Chinese People's Association for Peace and Disarmament, met with a peace and goodwill delegation of Hiroshima residents at the Great Hall of the People here today.

The Japanese delegation is headed by Omuta Minoru, president of the Hiroshima Peace and Culture Center.

**Japanese Agricultural Research Produces Results**

OW1311095892 Beijing XINHUA in English 0827  
GMT 13 Nov 92

[Text] Harbin, November 13 (XINHUA)—Sino-Japanese technological research projects in the Sanjiang Plain of northeast China have produced useful results, according to an investigation conducted by six rural experts from both sides.

The Sanjiang Plain Comprehensive Agricultural Experimental Station, put into operation in 1986, has recorded marked accomplishments in soil improvement, farmland drainage, utilization of water resources, crop yields and varieties.

A total of 66 Japanese experts dispatched by the Japan International Cooperation Agency have worked at the experimental station, and 34 Chinese experts have received further training in Japan.

The Japanese side has provided free research equipment worth more than 730 million Japanese yen to help the station set up an artificial climate lab, a computer system and labs for rural meteorology, rice breeding, crop physiology, irrigation and drainage, and chemical analysis.

Meanwhile, the Chinese side contributed 32 million yuan (about 5.8 million U.S. dollars) to the projects.

**Guangdong Governor, Delegation Visit Japan**

HK1311062092 Guangzhou Guangdong People's Radio  
Network in Mandarin 0400 GMT 8 Nov 92

[Text] To mark the 20th anniversary of the normalization of Sino-Japanese diplomatic relations and to mark the 10th anniversary of the establishment of friendship between Guangdong Province and Hyogo Prefecture, Governor Zhu Senlin left Guangzhou yesterday morning, leading a Guangdong Province Friendship Japan-Visiting Delegation for a 10-day visit to Japan at the invitation of Governor of Hyogo Prefecture (Miake Chino).

During their visit to Japan, Governor Zhu Senlin and his entourage will carry out extensive contacts with people of political, financial, and industrial circles in Hyogo Prefecture.

In Tokyo and Kobe, Governor Zhu will give speeches on Guangdong Province's economic and reform situation.

**Tianjin Official Meets Mongolian Guests**

SK1311103292 Tianjin TIANJIN RIBAO in Chinese 3  
Nov 92 p

[Text] Li Jianguo, deputy secretary of the municipal party committee, met with Chunagesulun, member of the congress of the Mongolian People's Revolutionary Party and director of its liaison department, and his wife at the Lishunde Hotel on the evening of 2 November.

Li Jianguo extended a warm welcome to the Mongolian guests for visiting Tianjin. He said: Party organizations at all levels and the vast number of party members throughout Tianjin are conscientiously studying the guidelines of the 14th CPC Congress; unifying their thinking in line with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; making efforts to transform the enterprise operating mechanism; and facilitating the transition of the economy to the socialist market economy. He also said that Tianjin had a good industrial foundation, substantial strength for development, and an outstanding investment climate.

Director Chunagesulun expressed thanks for Li Jianguo's cordial reception.

**West Europe**

**Deng Orders No 'Concession' to UK on Hong Kong**

HK1311035692 Hong Kong MING PAO in Chinese 13  
Nov 92 p 2

["Newsletter From the Divine Land" by special correspondent Kuo Wen-hsing (6753 2429 2502): "Deng

**Xiaoping Issues Instructions on Not Making Any Concession to the British Side; Zhu Rongji Will Not Discuss Hong Kong's Political Reform During His Visit to Britain"]**

[Text] According to sources close to the Chinese side, during Chinese Vice Premier Zhu Rongji's visit to Britain, he will not discuss the issue of Hong Kong's political structure with the British side. His trip will be "purely" related to economic affairs. So Zhu's visit to Britain is not expected to make any breakthrough.

Sources also said: Deng Xiaoping always regards the recovery of Hong Kong on the basis of "one country, two systems" as one of the major achievements in his political career, so he has issued an order to make no concession in the current Sino-British dispute over Hong Kong's political structure.

Chinese Vice Premier Zhu Rongji, who was recently elected a member of the Standing Committee of the Political Bureau, will deal completely with economic affairs on his forthcoming visit to Britain, and he does not bear any responsibility for negotiating with the British side about Hong Kong political issues. If the British side insists on talking about the controversial Hong Kong political reform, Zhu Rongji will only reiterate the Chinese side's current position of making no concession, and may also tell the British side that the Hong Kong issue can only be solved through the regular channels. Therefore, Zhu's visit will not bring about any breakthrough in the dispute over the Hong Kong political structure.

The sources particularly mentioned that Deng Xiaoping, China's actual supreme leader, was well aware of the development of the Sino-British dispute, and was determined to solve the Hong Kong issue according to his "one country, two systems" formula no matter what happened. He had issued an order to make no concession to the British Hong Kong authorities.

The same sources also said that Deng Xiaoping in fact has the final say on Hong Kong affairs. Deng Xiaoping regards the adoption of the reform and opening policy in China and the recovery of Hong Kong on the basis of "one country, two systems" as the two major achievements in his late years when dominating China's politics and also in his political career. As this concerns his posthumous reputation, he will never allow any challenge to these things.

According to the sources, since Deng Xiaoping set forth the "one country, two systems" concept for solving the issue of recovering Hong Kong in 1997, he has always been faced with challenges from both the left wing and the right wing, and he has always remained sober-minded on this issue. In particular, he has always maintained a high degree of vigilance against the British side. He holds that many concessions have been made in the past in the negotiations on the Hong Kong issue, so no concession can be made this time. The bottom-line

principle is to struggle against the British side with China's solid strength and influence.

The sources said: Deng Xiaoping is deeply aware that the "one country, two systems" concept itself is highly controversial, and he is particularly on the alert against the possibility that the left forces at home may take this as an excuse to ruin his posthumous reputation.

The sources also said: The Chinese side will now continue to adhere to the tough and no-concession position, and will observe Patten's behavior after he returns to Britain to report on his work.

On the other hand, Wu Jianmin, spokesman for China's Ministry of Foreign Affairs, said at yesterday's news briefing that the purpose of Zhu Rongji's visit to North and West Europe is to "increase understanding, strengthen friendship, and develop cooperation."

In response to a question, the spokesman said that Zhu Rongji will pay an official friendly visit to Britain, Finland, Denmark, Sweden, and Norway at their invitations in order to increase understanding, strengthen friendship, and develop cooperation. He will meet with leaders of the five countries, and will extensively exchange opinions with them on international affairs of common interest and the development of bilateral relations, especially bilateral economic and trade cooperation.

At the news briefing, when answering another question about what position the Hong Kong issue will hold in Zhu's talks with John Major and Douglas Hurd, Wu Jianmin said: "The Chinese side and the British side have existing channels of dialogue on the Hong Kong issue."

#### **China-Portugal Liaison Group Meeting Opens**

*OW1011071692 Beijing XINHUA in English 0652  
GMT 10 Nov 92*

[Text] Beijing, November 10 (XINHUA)—The China-Portugal Joint Liaison Group began its 15th meeting here today. The meeting is scheduled to last four days.

Kang Jimin, chief representative of the Chinese side, said he and Andresen Guimaraes, chief representative of the Portuguese side, have decided that during the meeting they will discuss three issues related to Macao's transitional period, namely the localization of civil servants, the official status of the Chinese language, and the translation and localization of laws.

In addition, he said, they will also exchange views on Macao's joining relevant international organizations and the establishment of a working group on the air transportation agreement after building an international Macao airport.

Guimaraes said that it is necessary to continue the friendly and sincere co-operation between the two countries during the meeting.

**German Parliamentarians Meet NPC Delegation**

*OW1311022092 Beijing XINHUA in English 0201  
GMT 13 Nov 92*

[Text] Bonn, November 12 (XINHUA)—The president of the German Federal Parliament (Bundestag), Rita Sussmuth, met a delegation of the Chinese National People's Congress (NPC) today.

The Chinese delegates, led by Yao Guang, vice-director of the Foreign Affairs Committee of the NPC, had earlier held talks with the Bundestag Foreign Affairs Committee and the Economic Cooperation Committee and the German Minister of Economic Cooperation, Carl-Sieter Spranger, and exchanged views on matters of mutual concern.

Helmut Schafer, secretary of state at the German Foreign Ministry, is due to meet the Chinese guests tomorrow.

**Foreign Trade Minister Meets German Minister**

*OW1311095492 Beijing XINHUA in English 0905  
GMT 13 Nov 92*

[Text] Beijing, November 13 (XINHUA)—Li Lanqing, Chinese minister of foreign economic relations and trade, met with Rainer Bruderle, vice minister-president and minister of economics and transport of the state of Rhineland-Palatinate of Germany, and his party here today.

During the meeting, Li briefed the visitors on China's economic development, reform of foreign trade system and the latest development of the talks on the restoration of China's position as a signatory state in the General Agreement of Tariffs and Trade (GATT).

Li expressed the hope that the economic cooperation and trade ties between the two countries be further strengthened.

Bruderle said many German enterprises are interested in cooperation with China, in particular in the area of technology transfer.

Bruderle and his party arrived here November 12 at the invitation of the Chinese Ministry of Foreign Economic Relations and Trade (MOFERT).

During their stay in Beijing, they will have talks with Chinese officials of MOFERT and the State Planning Commission on issues concerning cooperation between the two countries.

Apart from Beijing, they are scheduled to visit Fujian, which has forged the ties of friendship with Rhineland-Palatinate.

**Luxembourg Minister on Important Role for China**

*OW1111043892 Beijing XINHUA in English 0406  
GMT 11 Nov 92*

[Text] Luxembourg, November 10 (XINHUA)—China will play a very important role in the new post-Cold-War pattern of the world, says the Luxembourg Minister of State for Foreign Affairs, Foreign Trade and Cooperation, Georges Wolfaht.

He expressed this opinion in an interview with XINHUA on the eve of the 20th anniversary of the establishment of relations between Luxembourg and China.

Wolfaht, who returned from a nine-day visit to China in October 23, said that, as a political power, China could influence the maintenance of world peace and stability, especially the achievement of security and stability in the Asian region.

China was already on its way to becoming an economic power whose development potential and economic vitality would make it an economic force to be reckoned with.

Wolfaht said East Europe was in turmoil and the West in recession. But China had political might, an economic boom and long-standing foreign policies of good-neighborly relations and of treating other countries, big or small, as equals. So it had already become a very important factor in world peace and stability.

More and more West European countries were awakening to the significance of developing economic and political relations with China. It was wrong to ignore contact with China.

Wolfaht said he was pleased with the development of Luxembourg-China relations and that he believed there would be a new leap in bilateral economic cooperation in the years to come. No obstacle existed to the development of their political relationship.

**Anniversary of Ties With Luxembourg Marked**

*OW1211145792 Beijing XINHUA in English 1418  
GMT 12 Nov 92*

[Text] Beijing, November 12 (XINHUA)—A reception was held here today to mark the 20th anniversary of the establishment of China-Luxembourg diplomatic relations.

The reception was hosted by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC).

Among those present were Vice-Chairman Wang Hanbin of China's National People's Congress Standing Committee, CPAFFC Vice-President Chen Haosu and Vice-Foreign Minister Jiang Enzhu as well as newly-appointed Luxembourg Ambassador to China George Santer.



**State Councillor Meets Finnish Visitors**

*OW1211191192 Beijing XINHUA in English 0751  
GMT 12 Nov 92*

[Text] Beijing, November 12 (XINHUA)—State councillor and minister in charge of State Science and Technology Commission met here today with a Finnish delegation headed by Matti Vuoria, Finnish secretary general of the Ministry for Trade and Industry.

During the meeting, the two sides exchanged views on various issues including furthering bilateral cooperation in science and technology.

**Zou Jiahua Receives Dutch Trade Minister**

*OW1311104292 Beijing XINHUA in English 1026  
GMT 13 Nov 92*

[Text] Beijing, November 13 (XINHUA)—China is taking positive steps to increase import from the Netherlands, as a way to expand bilateral trade, Vice-Premier Zou Jiahua said here today.

Zou made the statement in a meeting this afternoon with visiting Dutch Minister of Foreign Trade Yvonne Van Rooy, who has been here on a visit as guest of Chinese Minister of Foreign Economic Relations and Trade Li Lanqing.

The Chinese Government attaches much importance to developing political, economic and trade ties with the Netherlands, Zou told Van Rooy.

Van Rooy voiced the wish that her current visit will serve to promote trade between the two countries.

After the meeting, Van Rooy and Chinese Minister Gu Xiulian of the chemical industry signed a memorandum of understanding on developing cooperation in the field of chemical industry, with Zou on hand at the signing ceremony.

**Li Tieying Meets Dutch Film Maker's Widow**

*OW1211112392 Beijing XINHUA in English 1051  
GMT 12 Nov 92*

[Text] Beijing, November 12 (XINHUA)—Chinese State Councillor Li Tieying met and had a cordial talk with Marceline Lorian, widow of the late Dutch cinema artist Joris Ivens, at the Great Hall of the People here this afternoon.

During the meeting Li praised Lorian as a true friend of the Chinese people. She has been engaged by the Chinese Ministry of Culture as an advisor.

"We will never forget the contributions you and Mr. Ivens had made in supporting China's revolution and promoting the development of its movie industry," Li said to his guest.

Lorian said that she was extremely glad when she saw plenty of commodities in China's shops and the Chinese people's living conditions have been improved greatly.

She said she will carry on the cause that Ivens had not finished and continue to promote the friendship between the Chinese people and the peoples of all over the world.

Xu Wenbo, vice-minister of culture, attended the meeting.

**Government, Cyprus Cooperate in Combating Crime**

*OW1211195192 Beijing XINHUA in English 1936  
GMT 12 Nov 92*

[Text] Nicosia, November 12 (XINHUA)—Cyprus and China today pledged greater cooperation in combatting international terrorism, illegal drug smuggling and other crimes.

The pledge came after Cyprus' Interior Minister Christodoulos Veniamin met with Jian Xianjin, vice minister of the Chinese Public Security Ministry.

The two officials discussed a draft agreement that will be signed soon.

Veniamin said the talks also covered public security and ways to fight international terrorism and illegal drug trafficking. He provided no details.

He stressed cooperation between Cyprus and China, "especially at a time when the international crimes' multiformity requires closer cooperation between nations."

Veniamin expressed appreciation for Sino-Cypriot friendship, saying this friendship will lead to greater cooperation in combatting international crimes.

Jiang Xianjin said, "we are here to profit from the Cyprus police's knowledge and experience in our common effort to combat international crimes."

He said his visit would promote relations between the two countries.

Jiang and his six-member delegation arrived here Wednesday [11 November] for a one-week visit.

**Tourism Delegation Concludes Trip to Europe**

*OW1311114692 Beijing XINHUA in English 1113  
GMT 13 Nov 92*

[Text] Brussels, November 13 (XINHUA)—The delegation organized by the National Tourism Administration of China finished its promotional mission to Switzerland, France and Belgium and left here for home today.

One of the largest groups of the kind China had sent abroad in recent years, the delegation introduced the latest developments in China's tourism to their fellow businessmen, cooperation partners and customers.



China's rich tourist programs and steadily improving service trades were publicized through lectures, film shows and photo exhibitions.

Delegation sources said that Western Europe is an important market of China's tourism from where the number of travellers to China has been increasing impressively. Over 300 thousand people have visited China from France, Britain and Germany alone during this year, they added.

### Latin America & Caribbean

#### Yang Shangkun Receives Chilean President

OW1311122392 Beijing XINHUA in English 1215  
GMT 13 Nov 92

[Text] Beijing, November 13 (XINHUA)—Chinese President Yang Shangkun met with Patricio Aylwin Azocar, the first ever Chilean president visiting China, at the Great Hall of the people here this afternoon.

Yang described the visit by President Aylwin as "an important event in the history of Sino-Chilean relations", while Aylwin said he is confident that his visit would trigger the growth of bilateral relations.

Aylwin arrived here earlier today on a five-day state visit to China as Yang's guest.

Yang, who visited Chile in 1990, said that the exchange of high-level visits between the two countries has greatly deepened the mutual understanding and friendship between the two peoples and given an impetus to the development of bilateral friendly relations and cooperation.

According to a Chinese Foreign Ministry official present at the meeting, Aylwin said that Chile and China, although different in size and population, have many things in common and are linked up by favorable conditions.

The president was quoted as saying that Chile hopes to develop closer ties with China.

The meeting proceeded in a cordial and friendly atmosphere, the Chinese official said.

This evening, Yang gave a dinner in honor of President Aylwin and his wife and their party in the Great Hall of the People.

Prior to the meeting, Yang hosted a welcoming ceremony for Aylwin and other distinguished Chilean guests.

#### Government Signs Mining Agreement With Brazil

OW1211183692 Beijing XINHUA in English 1819  
GMT 12 Nov 92

[Text] Brasilia, November 12 (XINHUA)—Brazil and China signed an agreement on Wednesday [11 November] on bilateral cooperation in 1993 to develop geology and mineral resources.

Zhang Wenju, deputy minister of Chinese geology and mineral resources and Marcio Fortes de Almeida, executive secretary of Brazil's Ministry of Mines and Energy, attended the signing ceremony.

Under the agreement, cooperation between the two countries will be implemented by Brazil's Mineral Resources Research Company and the departments of China's Ministry of Geology and Mineral Resources.

The technical cooperation between Brazil and China in the field of geosciences started in 1985.

The Chinese geology and mineral resources delegation headed by Zhang Wenju began its working visit to Brazil on November 8 which will end on November 16.

#### CPPCC Official Meets Uruguayan Delegation

OW0911100292 Beijing XINHUA in English 0904  
GMT 9 Nov 92

[Text] Beijing, November 9 (XINHUA)—Ismail Amat, vice-chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee, met with a delegation from the Department of Canelones of the oriental republic of Uruguay here today.

The delegation, led by intendant Jose Andujar of the Department of Canelones, arrived here November 7 at the invitation of China's Shanxi Province.

Andujar and his party are scheduled to fly to Shanxi Province later to attend a ceremony for forging friendly ties between Canelones and Shanxi.

## Political & Social

### QIUSHI Editorial on Building Socialism

OW1011061892 Beijing QIUSHI in Chinese No 21, 1  
Nov 92 pp 40-47

[Editorial: "Persist in Arming the Entire Party With the Theory of Building Socialism With Chinese Characteristics"]

[Text] The 14th CPC National Congress, which attracted worldwide attention, came to a successful close on 18 October. We warmly congratulate the congress on its complete success.

The 14th party congress was convened in a situation in which great achievements had been made in reform and construction since the Third Plenary Session of the party's 11th Central Committee; it was convened in a situation in which the entire party and the people throughout the country, inspired by the important talks made by Comrade Deng Xiaoping during his southern China tour, were enthusiastically carrying out reform, opening to the outside world, and undertaking economic construction, and it was convened in a situation in which tremendous changes had taken place in the international situation, and the development of the socialist cause in our country was faced with challenges and opportunities. In short, this congress was convened at a critical moment for development in our country. The congress answered a series of questions of common concern to people and reflected the common will and aspirations of the entire party and people throughout the country. Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the congress conscientiously summed up the practical experiences of the 14 years since the Third Plenary Session of the party's 11th Central committee, formulated a strategic plan for the next period, and set the main tasks of reform and construction for the 1990's. At the same time, it issued a great call to the entire party and people throughout the country for further emancipating their minds and seizing the opportune time to accelerate the pace of reform, opening up, and modernization and to win greater victory in undertaking the socialist cause with Chinese characteristics. Through the efforts of all delegates, this congress became a meeting that carried forward the cause and forged ahead into the future, and became another meeting of unity and victory in the history of the party. So this congress is of great, far-reaching significance in consolidating and developing China's socialist cause and maintaining long-term stability in the party and the country.

The convening of the 14th party congress and its important successes are a sign that socialist reform, opening up, and modernization in our country have entered a new stage of development with faster and better results. They are a sign that the historic cause of revitalizing China, for which numerous patriots have incessantly fought, has a more certain guarantee and a brighter

future. Meanwhile, they are also a sign that the theory of building socialism with Chinese characteristics founded by Comrade Deng Xiaoping by integrating the fundamental tenets of Marxism with the concrete practice of present-day China represents a new, important leap by Chinese communists in their knowledge and practice of scientific socialism. Fundamentally speaking, this congress represents a new victory for Marxism-Leninism-Mao Zedong Thought and a new victory for the ideological line of emancipating the mind and seeking truth from facts.

The report made by Comrade Jiang Zeming on behalf of the party's 13th Central Committee systematically summed up the basic experiences in our great practice over the past 14 years; realistically reached solemn, historical conclusions on a series of the party's major policy decisions and important achievements over those same years; and incisively expounded the social background, main content, and great significance of the theory of building socialism with Chinese characteristics. This is a tremendous political encouragement and ideological mobilization for the entire party and people throughout the country in accelerating the pace of reform, opening up, and modernization. It will have great significance and far-reaching influence in further unifying the entire party in thinking, raising its level of theoretical understanding, and strengthening party building.

Marxism holds that every theory has a historical background and its own conditions of the time for its coming into being. The extent to which a theory is implemented in a country depends on the degree to which such a theory can meet the needs of that country. It is no accident that the theory of building socialism with Chinese characteristics has come into being and has developed. It has come into being at a historic moment to meet the objective requirements of reform, opening to the outside world, and modernization in our country.

Since the 1970's, especially since the convening of the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping, with his Marxist insight and his courage and resourcefulness as a proletarian strategist, pondered deeply over many major issues in contemporary China and the world, thereby incrementally formulating the basic concept of building socialism with Chinese characteristics.

Following is a brief review of the train of thought for this basic concept: The first question to which Comrade Deng Xiaoping gave the most thought after the decade of internal turmoil was: What stage is China's socialism in, or what exactly is the fundamental task of socialism? According to him, based on the reality of the current economic and social development, China is still in the initial stage of socialism. The basic Marxist viewpoint holds that after the establishment of a socialist system, its fundamental task is to, under the party's leadership, use the political powers of the socialist state to energetically develop social productive forces and, through

developing productive forces over a long period of time, fully manifest the superiority of the socialist system and ultimately triumph over the capitalist system. However, to energetically expand productive forces, it is imperative to persist in taking economic construction as the central task throughout the entire historical stage of socialism. Then, the next important question that Comrade Deng Xiaoping immediately thought about was: What exactly is the current situation of socialism in China, and has the task to develop productive forces been effectively carried out? Taking a retrospective look and analyzing the historical facts since the founding of the country, he deemed the first eight years as quite successful: The national economy was rehabilitated expeditiously; the socialist transformation was completed; and the framework of a socialist system was established. However, despite some achievements in socialist construction, we made a series of "leftist" errors in the development of the country as a whole during the two decades from the second half of 1957 to 1978. In foreign affairs, China was basically a closed state, while internally we took class struggle as the key link and formulated major policies that surpassed the initial stage of socialism. As a result, these policies not only failed to promote but also impeded the development of productive forces, bringing the national economy to a standstill. For this reason, Comrade Deng Xiaoping proposed that resolute efforts be made to shift the focus of the work of the party and the country to economic construction. The next question he pondered over was: Are the domestic and international situations and conditions conducive to shifting the focus of the work of the party and the country to economic construction, or can we devote our energy wholeheartedly to economic construction? After comprehensively analyzing the situation, he came to believe that the domestic condition is ripe: The "Great Cultural Revolution" was over and the whole party was restoring order by eliminating chaos caused by "leftist" errors. Internationally, he believes the situation has also undergone a significant change: The development of forces for peace have taken over from the forces for war; a global war is avoidable; it is possible to have a peaceful international environment over a fairly long period of time; and our foreign policy should be readjusted accordingly by pursuing an independent foreign policy of peace. Therefore, it is necessary to seize this rare good opportunity to firmly establish economic construction as the central task and concentrate all energy to boost the national economy. Then, what kind of strategic objectives should we adopt to develop China's economy and bring about modernization? In view of China's basic conditions—a large population but a poor foundation—Comrade Xiaoping gradually formulated the well-known strategic plan for accomplishing modernization in three steps on the basis of thorough study and careful planning. The three steps are: first, to double the 1980 GNP and solve the problem of food and clothing for the Chinese people; second, to double it again by the end of this century, thereby enabling the Chinese people to lead a fairly comfortable life; and third, basically to accomplish the modernization drive and reach the per capita

GNP of moderately developed countries by the middle of the next century, thereby enabling the Chinese people to enjoy a relatively affluent life and accomplishing, by and large, the modernization drive. So what is the best way to smoothly accomplish the strategic objective in three steps? Comrade Deng Xiaoping believes that we must have a set of new policies different from the "leftist" policies of the past. Based on a thorough summary of historical experience and lessons, he put forward the policy of reform and opening up, stressing that this is the most important and fundamental new policy. He pointed out that reform is intended to improve and develop the socialist system and it covers structural reform in the fields of economics, politics, and others. He also pointed out that opening up means opening to all countries and regions and that we must also open work in all areas at home. He pointed out that reform is aimed at removing obstacles that hamper the development of productive forces and, in this sense, implies revolutionary changes; it may be called another revolution that is taking place in China. He also pointed out that the policy of reform and opening up must be upheld on a long-term basis and that there must be no changes in this policy for at least 70 years—the last 20 years of this century and the first half of next century—because it will take 70 years to develop China's economy and basically accomplish the modernization drive. If this is changed, we will accomplish nothing and meet the general opposition of the people. This policy should remain unchanged even after 70 years. All in all, reform and opening up should permeate the whole process of China's development. Soon after he put forward the policy of reform and opening up, Comrade Deng Xiaoping reiterated the need to uphold the four cardinal principles. Why must we do this? His contention is that either reform or opening up needs political guarantees and the four cardinal principles are the most fundamental political guarantees. The four cardinal principles and the policy of reform and opening up are mutually dependent and their ultimate goal is to serve the central task of economic development. He believes that only by implementing the basic line of making economic construction the central task and adhering to the four cardinal principles and the policy of reform and opening to the outside world will we be able to progressively develop the social productive forces and eliminate poverty in China. In the whole process of the modernization drive, reform, and opening up, we must also pay attention to promoting socialist democracy, improving the socialist legal system, and building both the socialist material and spiritual civilizations. This is another important issue Comrade Deng Xiaoping has often thought about and emphasized. He believes that only by doing it this way will we be able to bring about constant economic growth and all-around social progress. To rejuvenate the Chinese nation and accomplish the great cause of reunification of the motherland, Comrade Deng Xiaoping creatively formulated the policy of "one country, two systems." Implementing the policy of reform and opening up and building socialism with Chinese characteristics are unprecedented undertakings.



The struggle will certainly be tremendous, complicated, and fraught with difficulties and dangers. Therefore, Comrade Deng Xiaoping has repeatedly emphasized that we must step up and improve party leadership. At the same time, we must persist in emancipating the mind and seeking truth from facts, make bolder efforts, implement solid measures, and constantly develop and sum up experience to constantly bring about new situations in our cause. At the 12th CPC National Congress in 1982, Comrade Deng Xiaoping advanced this resounding call for the first time: blaze a path of our own and build socialism with Chinese characteristics.

From the above cursory analysis on the formation of Comrade Deng Xiaoping's basic idea of building socialism with Chinese characteristics, we can clearly realize that the important theories, viewpoints, and practical policy decisions put forward by him since the Third Plenary Session of the 11th CPC Central Committee have all embodied the close integration and strong unity between basic Marxist tenets and the concrete practice of China's modernization. This is why they can stand the test of social practice and political turbulence, why they inevitably possess stability and continuity, and why they can always enrich themselves and develop along with the deepening of practice. At the same time, we can also distinctly see that Comrade Deng Xiaoping's important thought and theories and viewpoints have always been consistent. The important talks during his inspection tour of south China early this year are the embodiment, in a nutshell, of his theory of building socialism with Chinese characteristics as well as its new development.

During the 14 years of reform and opening to the outside world, historical changes have taken place on China's vast land. Everywhere there are scenes of vitality and prosperity. This phenomenon was not only unimaginable and unseen in modern Chinese history; it is also new in the history of the People's Republic.

If the greatest revolution in Chinese history—a revolution that ushered in a new era by winning victory in the new democratic struggle, by establishing the basic socialist system, and by greatly liberating and developing the social productive forces through a long, protracted struggle—was the revolution waged by the whole party and people of all nationalities under the central collective leadership of the first generation with Comrade Mao Zedong at the core, then reform, opening to the outside world, and the modernization undertaken by the whole party and people under the central collective leadership of the second generation with Comrade Deng Xiaoping at the core—policies which are further liberating and developing the productive forces and, through protracted struggle, turning China from an underdeveloped socialist country into a prosperous, strong, democratic, civilized, and modern socialist country—comprise another great revolution taking place in China. The new revolution, which has been personally planned, prepared, and led by Comrade Deng Xiaoping, the chief architect of China's socialist reform, opening up, and

modernization, has changed and is changing the outlook of Chinese society in a profound way. It is also having a widespread impact and attracting the attention of people from various countries in the world. Following Comrade Mao Zedong and other proletarian revolutionaries of the older generation, Comrade Deng Xiaoping represents a new historical period in the development of socialism in China. Precisely as Comrade Jiang Zemin pointed out in his report to the 14th CPC National Congress: Comrade Deng Xiaoping "respects experience and the masses and he pays constant attention to the interests and aspirations of the overwhelming majority of the people. He is adept at summing up their experiences and creations, and he has a keen sense of the pulse and opportunities in the development of the times. While inheriting the past, he has broken with outmoded conventions, displaying tremendous political courage in blazing a new path in socialist construction and tremendous theoretical courage in opening up a new horizon for Marxism. He has thereby made major historic contributions to the formulation and establishment of the theory of building socialism with Chinese characteristics."

The theory of building socialism with Chinese characteristics theoretically guides and prepares us for this new revolution, while, at the same time, it summarizes and generalizes this new revolution. The theory is the crystallization of the collective wisdom of the party and the people in their joint struggle in the new historical period, the continuation and development of Marxism-Leninism-Mao Zedong Thought, Marxism in contemporary China [shi dang dai zhong guo de ma ke si zu yi 2508 3981 0108 0022 0948 4104 7456 0344 1835 0031 5030], and the most valuable spiritual wealth of the CPC and the Chinese people. Once integrated with the practice of the masses, it will become a tremendous material force and will bring about profound changes to the entire Chinese economy and all of China's social life.

The historical experience since the October Revolution in Russia tells us that transition from the period when the proletariat and its party led the people to seize power up till the period of socialism can be successful. However, although great success and valuable experience have been achieved on the issue of how to build, consolidate, and develop socialism, on the whole and in terms of theory and practice, it has not been fundamentally solved. As far as the ruling parties and peoples of the socialist countries are concerned, to a considerable extent, many unknown realms of necessity [bi ran wang guo 1801 3544 3769 0948] still remain in socialist construction, and a great deal of further exploration is needed. The fluid situation in the international arena in the past few years has more acutely confronted the people with this issue, requiring them to ponder more deeply. In particular, in a big Oriental country like ours, which originally had a backward foundation and a huge population, there was no ready answer to the question of how to build socialism after the party led the people to seize power. We have constantly carried out painstaking exploration. Our party has always held that the destiny

of Chinese socialism, in the final analysis, will be decided by ourselves, by the theories and line of the party, and by the unity and struggle of the party and the people. Earlier on, we mentioned that in the past 14 years our party and Comrade Deng Xiaoping had responded to the call of history, and with the creative spirit, political wisdom, and theoretical courage of Marxism, independently explored the correct path for building socialism in China. The triumphant achievements of these explorations are the theory and line on building socialism with Chinese characteristics. For the first time, this theory quite systematically and initially provided the answers to a series of basic questions on how to build, consolidate, and develop socialism in China which originally was a relatively backward country in terms of economics and education. This not only has great significance in providing guidance, in theory and practice, to China's reform, opening up, and modernization drive, but is also a new and great contribution to the scientific socialist doctrine of Marxism.

The contents of the theory of building socialism with Chinese characteristics are extremely rich. On the basis of a series of important expositions by Comrade Deng Xiaoping and the practical experience of construction and reform in China during the past 10 years and more, this theory was expounded and summarized from different perspective at the 13th CPC National Congress, the Seventh Plenary Session of the 13th CPC Central Committee, and the speech by Comrade Jiang Zemin at the gathering to commemorate the 70th anniversary of the party's founding. Based on previous expositions, the report of the 14th CPC National Congress made new and further generalization on the basic composition of the theory on building socialism with Chinese characteristics. The report gave a very good explanation on issues like developmental course, developmental phase, basic tasks, developmental drive, external conditions, political security, strategic moves, leading forces and supporting forces, as well as on the strategic framework to accomplish the great cause of peaceful reunification of the motherland. The gist of this theory is that during the initial stage of socialism, the party must consistently uphold the basic line of "one center and two basic points." The theory derives from practice, and will continue to be examined during the course of practice. Furthermore, as the situation develops and changes, it is imperative to constantly absorb new ideas and experience during practice, and to continuously enrich, perfect, and expand the theory. Therefore, this theory is definitely not a self-enclosing one but an open system that forever moves forward. It will certainly be filled with great vitality and will inevitably play a commanding role for a long time during the course of practice.

**Guided by the theory of building socialism with Chinese characteristics, we must firmly adhere to the party's basic line and follow it unswervingly for 100 years.** This is the best way to ensure that we can overcome the difficulties and dangers we may face on the way to our goal. The key to adhering to the party's basic line lies in keeping as our

central task perseverance in economic development. We must never waver, nor turn aside from or give up on this task, except in the case of a large-scale foreign invasion. Other tasks are subordinate to it. To adhere to the party's basic line, we must integrate reform and the open policy with the four cardinal principles. As the report of the 14th CPC Congress points out: "It is because we introduced reform and the open policy that socialism with Chinese characteristics is so vigorous today. And it is because reform and the open policy help consolidate and expand socialism that they have been progressing smoothly. The purpose of adhering to the four cardinal principles and persevering in reform and the open policy is to liberate and develop the productive forces to an even greater extent." This passage provides us with a profound explanation that the two basic points have a dialectical relationship of mutual unity and promotion. Therefore, in our theoretical and practical work, we should never treat them as separate, or set one against the other. Nor should we pay unequal attention to them or take one into consideration to the neglect of the other. On the question of adhering to the party's basic line, party members, and leading cadres in particular, must be on the alert for right tendencies, but also and mainly for "left" tendencies. Facts prove that right tendencies can be the ruin of socialism, and so can "left" tendencies. In the report of the 14th CPC Congress, an important point has been made: We must be on the alert for right tendencies, but also and mainly for "left" tendencies. With such a clear understanding, we can be more objective and comprehensive in analyzing and handling problems and take and maintain the scientific attitude of seeking truth from facts, and be more conscientious and firm in carrying out the party's basic line so as to accelerate the pace of reform and opening to the outside world and advance China's economic development and social progress. Meanwhile, it should also be noted that when there are problems of understanding, differing opinions and mistakes in practical work, we should analyze each of them realistically, and not arbitrarily describe them as "left" or right political tendencies. In this respect, we should learn from past lessons so as to avoid mistakes that might hamper the initiative of cadres and the people. To adhere to the party's basic line, we must consolidate and expand political unity and stability. Without political and social stability, any attempt to carry out reform and the open policy and to promote economic development would be out of the question. Conversely, without reform, opening up, and economic development, we will not have a solid material foundation and political and social unity and stability. The report of the 14th CPC Congress put it very well, saying that "only so long as the basic line remains unchanged and there is social and political stability shall we be able to forge ahead steadily."

**It is essential to speed up and fundamentally change the original economic structure under the guidance of the theory of building socialism with Chinese characteristics and to establish a new socialist market economy full of vitality.** In the past, our country has for a long time

implemented the system of a highly concentrated planned economy. The old system has played an important and positive role and we must always affirm this point. However, it has come to correspond less and less to the requirement of the modernization program and obstructed the development of productive forces because the old system has overly concentrated power and overlooked or even rejected the role of commodity economy and market. Therefore, if we do not change this kind of economic structure, we will not be able to achieve our goal of modernization. By establishing a system of socialist market economy we mean the allowance of market forces, under the macroeconomic control of the state, to serve as the basic means of regulating the allocation of resources, to subject economic activities to the law of value, and to make it responsive to the changing relations between supply and demand in order to further liberate and develop the productive forces. This is the goal of the reform of our country's economic structure. It also is the necessary result of comrades from the entire party gradually understanding the role of planning and market regulations. It also is a product of summing up our experiences in the practice of reforming the economic structure, and it is an objective demand in developing the economy and promoting modernization. In particular, Comrade Deng Xiaoping's brilliant expositions, such as planning and market regulations both serving as means of controlling economic activity, have enabled us to greatly emancipate our minds. The 14th CPC National Congress has clearly affirmed the goal of and pattern in carrying out reform and establishing a socialist market economy. This shows that our party has achieved a new breakthrough and takeoff in understanding the law of developing a socialist economy, and it also shows that the reform of the economic structure in our country has entered a new phase. Why do we call the new socialist economic system a system of socialist market economy? We should understand that there is a generality in developing the market economy by all countries under different social systems; that countries of different social systems must all follow the general laws of the market, such as the law of value and the law of supply and demand in the market; and that countries of different social systems should all fully develop the market's active role through the reasonable allocation of resources. Therefore, there are some common features in all market systems and systems of managing markets. Nevertheless, market economies in different countries under different social systems have different characteristics based on their respective social, economic, and political systems. Our country's establishment of a socialist market economy is associated with and linked to our country's fundamental system of socialism, while the establishment of market economies in Western countries is associated with and linked to the fundamental system of capitalism. Therefore, they are different in essence and in their characteristics. Not only are the leading political powers, the ownership systems on which each country is based, and the basic distribution systems different, but also the scope, methods, and goals of different countries in exercising macrocontrol through

planning, market regulations, and other means are different. Because of these differences, our party calls the new economic system a system of socialist market economy. It is necessary to correct a misconception, that is, talking about market economy being considered as something similar to practicing capitalism. However, can we hold the view that, since we will develop market economy, the word "socialist" may be removed from the phrase socialist market economy? Of course not. If we do, it will create another kind of misconception, and it will appear that there is no difference in essence between the economic system of our country and that of Western countries. According to the guidelines of the report to the 14th CPC National Congress, we must do the following important and interrelated tasks in order to accelerate economic reform while establishing a socialist market economy: 1) we must change the way in which state-owned enterprises operate, especially the large and medium-sized ones, and push them into the market so as to increase their vitality and raise their efficiency; 2) we must accelerate the establishment of the market system; 3) we must deepen the reform of the system of distribution and the system of social security; and 4) we must accelerate the change in the functions of the government. Establishing and perfecting socialist market economy cannot be done overnight. It will require a long course of development, and is an arduous and complicated social system engineering task. We must be mentally prepared for making persistent efforts and also adopt a series of effective measures and steps to actively promote the establishment and perfection of socialist market economy.

**It is essential to continue to push forward reform of the political structure and strive to bring about great advances in socialist democracy and in the legal system while accelerating the reform of the economic structure under the guidance of the theory of building socialism with Chinese characteristics.** Our party clearly pointed out long ago that the goal of carrying out reform of the political structure is to build a socialist democracy suited to Chinese conditions and in no respect a Western multiparty, parliamentary system. The report to the 14th CPC National Congress has once again stressed this point. The establishment of this goal includes two basic points: 1) adhering to the socialist political orientation; and 2) proceeding with things suited to Chinese conditions. In this way, we have drawn a clear line of demarcation between our way and the tendencies of bourgeois liberalization characterized by copying the Western multiparty, parliamentary system, and between our way and the tendencies of seeking hasty results, divorcing from reality and neglecting objective conditions in building democracy. The primary goals in actively promoting reform of the political structure are to further improve the system of multiparty cooperation and political consultation under the leadership of the Communist Party; to adhere to and perfect democratic centralism; to truly integrate democratic centralism and democracy under guidance of the center in line with the fundamental system of our party and our country; to further improve



the system of regional autonomy in areas inhabited by people of minority nationalities, and develop and promote the joint prosperity of various nationalities by adhering to the policy of equality, mutual assistance, unity and cooperation; to further establish and improve the system and procedures of making democratic and scientific policy decisions; and to further promote the building of the socialist legal system. In particular, we should make up our minds to reform the administrative system and the organizational structure so as to bring about a change in their functions, straighten out their relations, simplify administration, and improve efficiency. The general goal of carrying out reform of the political structure is to be conducive to consolidating the socialist system, conducive to consolidating the leadership of the party, conducive to developing productive forces in society under the leadership of the party and the socialist system, conducive to implementing the line, principles and policies formulated since the Third Plenary Session of the 11th CPC Central Committee, and conducive to having and maintaining a stable social and political environment necessary for the building of modernization.

**It is necessary to actively assist in and concentrate on economic construction and to promote overall social progress under the guidance of the theory of building socialism with Chinese characteristics.** The report to the 14th national party congress scientifically analyzes the current international and domestic situation, and it expounds the great significance of and favorable conditions for accelerating our country's economic development. It states: "Our country's modern history and the reality of today's world clearly show that economic backwardness can lead to extreme passivity and subjection to external domination. Current competition in the world is essentially a contest of overall national strengths based on economic, scientific, and technological prowess. Many countries in the world, especially some countries and regions bordering our nation, are pursuing a faster pace of development. Slow economic development in our country will greatly hinder efforts to consolidate the socialist system and foster lasting peace and stability in the country. Therefore, whether our country can accelerate economic development is a question of both economic and political significance." The report also outlines the major tasks and measures for promoting economic development and social progress. Apart from the above-mentioned active drive to promote economic and political reforms and to transform administrative management and organizational structure, the report also calls for opening wider to the outside world, reorganizing and improving the industrial structure, expediting scientific and technological progress, actively developing education, expediting regional economic development, rationalizing the national economic structure, improving socialist spiritual civilization, seeking steady improvements in the people's living standards, strengthening army-building, and enhancing national defense capabilities. These tasks and measures are interrelated and mutually sustaining. We must work hard to implement

them. We should consolidate the socialist system, thoroughly prevent the occurrence of peaceful evolution, fully harness the strengths of the socialist system, and work constantly to increase the popularity and appeal of the socialist system among the public. We should also eliminate destabilizing factors in our society and maintain lasting peace and stability in our country. The maintenance of our strong position in the changing world community lies in significantly developing our social productive forces and in greatly improving our country's economic might and overall national strength. The world is moving toward multipolarity following the end of bipolarity. Nevertheless, hegemonism and power politics continue to exist. We have yet to secure peace and development—two major questions of long-term interest to people in various countries. The world is not yet peaceful. We should clearly recognize this fact, maintain a reasonable level of vigilance, and sharpen our sense of urgency regarding economic development. The economy serves as the foundation for progress in various fields of work, as well as the foundation for social advancement. It is an objective historical truth that wealth strengthens one's position. Accordingly, we must give priority to developing our country's economy. Moreover, we should recognize the need for wide-ranging progress in the socialist cause. We can fully realize the cause of building socialism with Chinese characteristics and achieve thorough success only if we constantly promote economic prosperity, fuel progress in other fields of work on the basis of economic development, continually promote overall social progress, achieve a high level of material and spiritual civilization, help the people attain their ultimate goal of common prosperity, and improve the people ideologically, morally, scientifically, and culturally. Over the past decade or so, our party and Comrade Deng Xiaoping have formulated various "two-pronged" strategies, such as the simultaneous development of material and spiritual civilization. Facts illustrate that a balanced "two-pronged" approach can promote fairly smooth progress in reform, construction, and economic and social development. They also show that an uneven approach can hamper progress and bungle work in these areas. Therefore, we should make the "two-pronged" strategy an important guiding thought and a principal leadership style in implementing the program of reform and openness, in conducting the modernization drive, and in seeking economic and social development. This will further clarify our principles and policies, allowing us to pay undivided attention to all aspects of our work in practice.

**It is necessary to use the theory on building socialism with Chinese characteristics as guidance for strengthening party building and improving party leadership and to strive to enhance the party's ability in holding office and leading.** This is a key to ensuring the persistent implementation of the party's basic line for a long time without any wavering; better and faster work in socialist reform, opening up, and modernization; greater successes in all socialist undertakings with Chinese characteristics; and national rejuvenation and prosperity. In



short, this is the key to the success of all our work. The report of the 14th party national congress clearly pointed out the need to arm the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. This is an important task which is significant in two respects. First, it shows that the theory is an important guiding principle for strengthening party building and improving party leadership in the new period. Second, it shows that we should instill this theory into the thinking and work of all CPC members and regard it as the fundamental task and major content of party building. Party organizations at all levels and the vast number of party members must thoroughly study and understand the great significance of the theory on building socialism with Chinese characteristics and constantly enhance their awareness of the need to study and implement it. The report of the 14th party national congress also proposed party-building tasks such as strengthening leading bodies, training successors to the socialist cause, forming close ties between the party and the masses, resolutely overcoming passiveness and corruption, strengthening the building of grass-roots organizations, giving full play to party members' exemplary vanguard role, upholding and improving democratic centralism, and maintaining party solidarity and unity. In building socialism with Chinese characteristics, these tasks must be put forward and they must be successfully carried out. The purpose of these tasks is to strengthen and improve party building ideologically, politically, and organizationally, as well as in terms of work style; to further strengthen and improve party leadership; and to strive to enhance the party's fighting power. The history of our party shows that it has a fine tradition of seriously strengthening itself in light of its tasks during a certain period to ensure the correctness and effectiveness of its leadership and work. For the same reason, it is also the party's fine tradition of striving to enhance its members' knowledge of ideological and political theories and in arming them with the correct theories and line which have guided past work to success. The course of formulating and developing the theory and line on building socialism with Chinese characteristics since the Third Plenary Session of the 11th CPC Central Committee is also the process through which party members and cadres gradually study and use the theory in guiding their own thinking and work. It can be anticipated that after the 14th party national congress, the theory on building socialism with Chinese characteristics will become a sharp ideological weapon and theoretical tool for all comrades in the party. It will greatly inspire party organizations at all levels and the vast number of party members to use it conscientiously in studying and solving new problems in party work and in creating new experiences. It will allow this well-tested Marxist party of ours to play an even greater role as the core of the leadership that will oversee our great undertakings in the future.

We should combine the study and implementation of the guidelines of the 14th national party congress report with the study of Marxism-Leninism-Mao Zedong Thought.

We should focus on studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Besides applying ourselves to the study of Comrade Deng Xiaoping's strategic thinking and theoretical viewpoints, we should assiduously learn about his scientific attitude and creative spirit of applying Marxist stands, viewpoints, and methods to studying new circumstances and resolving new problems. We should meet three requirements during the course of our studies. First, we should combine theory with practice, try to gain thorough and useful knowledge, avoid formalism, and stop taking a dogmatic approach to learning. Through our studies, we should help party members, especially leading cadres, strengthen their convictions in socialism and communism, constantly raise their political standards, and steadily improve their ability to resolve practical problems. Second, we should further emancipate our minds and seek truth from facts. This approach represents the quintessence of Marxism-Leninism-Mao Zedong Thought, as well as the theory of building socialism with Chinese characteristics. It is a magic weapon for maintaining the dynamics of our party's work. Our party members, especially leading cadres at all levels, should clearly recognize the unity of mental emancipation and realism. This means we should tailor our thinking to objective conditions. We should not fail to keep pace with objective reality, nor should we overstep its bounds. Under the guidance of Marxism, we should shatter various erroneous ideological constraints, especially outmoded traditional concepts and subjective prejudice. We should also change our conservative mentality that resists new things. Adopting a firm scientific attitude of emancipating our minds and seeking truth from facts has always been an important ideological guarantee for fully and correctly implementing the party's basic line and theory and for preventing erroneous "leftist" and rightist deviations. Third, we should mold the guiding thought, principles, tasks, and plans of the 14th national party congress to the practical conditions of our localities and departments, give concrete expression to them, and conduct our work creatively. We should experiment boldly, sum up our experiences on a timely basis, concentrate on the major concerns, resolve acute contradictions and critical problems, work in a down-to-earth manner, stress practical efforts over empty rhetoric, work pragmatically, and seek practical results. In short, we should achieve genuine results in extensively and intensively implementing the guidelines of the 14th National Party Congress among the people, in realistically applying the guidelines to various aspects of our work, in helping the ranks of cadres and people master the theory of building socialism with Chinese characteristics, and in transforming this theory into a powerful material force that accelerates the drive toward reform, openness, and modernization.

We are experiencing a transcenary period. The 14th national party congress has set grand goals for all party members and people throughout the country regarding reform and construction. These goals call for establishing the beginnings of a new socialist economic system and

for attaining the second-step objective of achieving a comfortable standard of living for people across the country. Some 20 years after this is achieved—on the party's centennial—more mature and stable institutions will be put in place in all areas. On the basis of these achievements, we can achieve the third-step objective of realizing socialist modernization by the time the country celebrates its centennial. We strongly believe in the certain prospect of successfully achieving our future grand goals as long as all comrades of the party and people of all nationalities throughout the country rally more closely around the party Central Committee with Comrade Jiang Zemin at the core, hold aloft the great banner of socialism with Chinese characteristics, steadfastly implement the party's basic line, carry forward the cause of our predecessors into the future, and work in unity.

### On Deng's 'Tough Politics, Soft Economy'

HK1211100092 Hong Kong CHING PAO in Chinese  
No 184, 5 Nov pp 44-47

[Article by Ju Huai-chih (3067 2037 0037): "Deng Intends To Establish a 'Tough Politics, Soft Economy' Pattern"]

[Text] Beijing, 5 Oct—A CPC official who participated in the preparatory work of the 14th CPC National Congress said in private: "China's real crisis will not arrive at a time when the veterans are still alive, but will come at a time after they have passed away. By that time, the power system propped up by the traditional forces will have collapsed, whereas a democratic mechanism will not yet be established. Will China still remain stable once the bottom-to-top contention and the top-to-bottom control have both gone out of the control of this system?"

The "tough politics, soft economy" pattern is no doubt a better alternative for pushing ahead with China's economic development on condition that the CPC's basic political system still remains unchanged. However, given the fact that the party's power is in no way restricted by the law, it is rather difficult to have all the reform tasks set by the 14th CPC National Congress successfully fulfilled.

The 14th CPC National Congress was convened in Beijing on 12 November. The main items on the agenda were to discuss the following: The CPC Central Committee Report to the 14th CPC National Congress; the amendment of the CPC constitution; and the election of various new CPC central leadership institutions.

The congress attracted enormous attention, for it was convened at a time when the second climax of China's reform and opening up has arrived as a result of a series of speeches made by Deng Xiaoping, chief architect of China's reform and opening up, during his South China tour at the start of this year, and at a time when the Central Advisory Commission was said to be soon abolished and most of the leaders above the age of 70 were said to be soon retired from the central leadership and "replaced by new cadres" at the congress.

### How Seven Standing Committee Members Were Selected

According to a well-informed source, the namelists of various supreme CPC leadership institutions had already been decided upon in the internal circles even before the congress was officially convened. The CPC Central Committee Political Bureau Standing Committee would consist of seven members, namely, Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao. There would be no more vacancies for others. It had also been preliminarily decided that the Political Bureau would consist of 25 to 30 members. At last, 22 were chosen from among a larger number of candidates. Tian Jiyun, Li Tieying, and Yang Baibing, who had been originally nominated as the Standing Committee members, were later removed from the namelist due to the strong opposition from Wang Zhen, who had also received support from Song Renqiong, Yu Qiuli, Kang Shien, and Song Ping. Li Tieying was also removed from the namelist because he (56 years old) was older than Hu Jintao (50 years old) and did not enjoy the support of the leaders on various fronts; Yang Baibing, who would be satisfied as a Political Bureau member and had no intention to seek nomination to the Standing Committee, strongly recommended Liu Huaqing (who was promoted from a Central Advisory Commission member to a Central Military Commission vice chairman, a position higher than that of Yang Baibing) to be a Standing Committee member. As a result, the Standing Committee finally consisted of the seven people mentioned above. Deng Xiaoping eventually gave his consent to the new Standing Committee composition in mid-September.

### Why Hu Jintao Was Promoted to Standing Committee Member

This time, the "Dark Horse" was Hu Jintao, who is 50 years old this year. Hu, the former first secretary of the Communist Youth League Central Committee, had originally been brought to the central leadership by Song Ping from Gansu, and later received appreciation from and was promoted by Hu Yaobang. Four years ago, he was appointed party committee secretary of the remote Guizhou Province and then the Tibet Autonomous Region. The CPC Central Committee promised at that time that Hu would be brought back to the central leadership after a period of tempering. In July, this year, nominated by Qiao Shi and examined and recommended by Bo Yibo, Hu was transferred back to the central authorities, where he joined Qiao Shi, Li Ruihuan, and Ding Guangen in making preparations for the 14th CPC National Congress. Hu's election to the CPC Central Committee Political Bureau Standing Committee at the congress embodied the spirit of Deng Xiaoping's call for "selecting a batch of young cadres with both political integrity and professional competence into the Political Bureau and the Standing Committee." The CPC has finally found a man who can take charge of the large-scale institutional streamlining unfolded in the wake of the 14th CPC National Congress. In the new Political

Bureau Standing Committee, Hu Jintao will also succeed Song Ping by taking charge of the CPC personnel and organization work. It was learned that Deng Xiaoping also preferred Hu Jintao. He once said: "Hu Qili was also good. But it's a pity he failed to stand firm. I hope he (Hu Jintao) can do better."

#### Major Mistake of the 13th CPC National Congress

While talking about the 14th CPC National Congress, people couldn't help recalling the 13th CPC National Congress. The 13th CPC National Congress was convened one year after former General Secretary Hu Yaobang was forced to step down. Because Zhao Ziyang, who succeeded Hu Yaobang as general secretary, firmly stuck to the orientation of reform and opening up, Deng Xiaoping gave unreserved support to Zhao's work. Within a short space of less than one year, Zhao not only succeeded in maintaining stability within the whole party but also vigorously pressed ahead with the great cause of reform and opening up. At the 13th CPC National Congress, the CPC set forth the correct theory of the "primary stage of socialism" and formulated a reform blueprint aimed at building a high degree of socialist democracy and politics, thus laying a strong theoretical and political foundation for reform and opening up on the mainland. However, a major mistake made by the 13th CPC National Congress was that Deng Xiaoping failed to realize that the mainland economic structural reform had not yet established a new market-oriented operational mechanism and a new set of norms of behavior by that time. A large number of state-run enterprises were setting off an unbridled investment craze due to "government-enterprise" contract relations; the "dual track" price system had not yet become a market-oriented system; basic industries were becoming weaker and weaker within the entire production structure at an accelerating pace. In a word, at a time when a new demand for in-depth reform and expanded opening up had been raised by the economic life, the mainland desperately needed Zhao Ziyang or anyone who had the same enthusiasm, courage, resourcefulness, and astuteness as Zhao Ziyang in pushing forward reform and opening up and in guiding the work of various government departments. However, the CPC's conservative faction seized an opportunity to occupy and take control of the top government post and successfully restricted and hampered an in-depth economic structural reform. As a result, at the end of 1988 and the start of 1989, soaring inflation and disorder in mainland economic life finally caused setbacks in reform and opening up as well as the "4 June" incident, which forced Zhao Ziyang to step down. It can thus be said that none of the economic and political reform tasks set by the 13th CPC National Congress were really successfully fulfilled in the three years since then. Had Deng Xiaoping not made a series of important speeches during his south China tour at the start of this year, the CPC might have even vacillated on such a fundamental issues as whether or not China should press ahead with reform and opening up.

#### What Will Happen After Deng Xiaoping Passes Away

If you compare the 13th CPC National Congress with the recent 14th CPC National Congress, you can easily discover such a simple fact: The 13th CPC National Congress was convened at a time when reform and opening up had by and large been going on and the reform factions within and without the party had basically taken shape and had been gradually expanding in strength. However, the 14th CPC National Congress was convened at a time when the cause of reform and opening up had been suspended on the mainland for almost three years, the reform factions within and without the party had been weakened to a considerable extent, reform and opening up were devoid of both ideological and theoretical preparations, and the shadow of the "4 June" incident was still looming large. Therefore, people have every reason to ask such a question: Since the 13th CPC National Congress, which was convened under such excellent conditions and on such an excellent basis, had failed to successfully fulfill its economic and political reform tasks, to what extent will the reform blueprint put forth by the 14th CPC National Congress, which was convened under comparatively harsh conditions and on a comparatively weak basis, be fulfilled and succeed?

At present, reform is still being undermined by such a fundamental defect of the mainland political structure: Since the CPC still remains in a predominant position on the mainland, the line, principles, and policies adopted at the latest CPC national congress have definitely no binding force over the CPC itself, for the CPC policies and decisions can be altered or even canceled due to the opinions of a few veterans. As a result, the mistakes made by the party can neither be corrected by the collective will within the party nor be corrected through the supervision of any other political parties, political groups, or the state judicial organs. Likewise, the party's correct principle can neither be guaranteed internally by the behavior of the whole party nor be supported externally by the state will. Therefore, all rights and wrongs are determined by a few members of the CPC hierarchy and even by the age, sickness, or death of these few people. So when a new upsurge of reform and opening up was set off by Deng Xiaoping who made a series of speeches during his south China tour, people were elated but also worried at the same time: "Once Deng Xiaoping passes away, who will be able to come out to turn the tide and press ahead with both reform and opening up with the same vigor even in face of new setbacks or a retrogression?"

A CPC official, who had participated in the preparatory work of the 14th CPC National Congress, told this writer in private: "China's real crisis will not arrive at a time when the veterans are still alive, but at a time when they have passed away. By that time, the power system propped up by the traditional forces will have collapsed whereas a democratic mechanism has not yet been established. Will China still remain stable once the



bottom-to-top contention and the top-to-bottom control have gone out of the control of this system?"

In his report to the 14th CPC National Congress, Jiang Zemin praised and expounded in an unusual way Deng Xiaoping's line of reform and opening up. By so doing, Jiang Zemin intended to give such an assurance to Deng Xiaoping: "We will continue to follow your line of reform and opening up even after you have passed away." Nevertheless, this is but a rather weak assurance. Just like the late Mao Zedong, who had time and again gone back on his own words before and after the various CPC national congresses in disregard of each and every resolution adopted by those congresses since the founding of the PRC, his successors are also likely to turn a blind eye to various CPC national congress resolutions adopted within the same political structure built by the late Mao. After the old generation who "won and controlled state power" is gone, will a traditional CPC national congress, which has no binding force, be turned into an arena where different inner-party political forces will contend with one another in public?

#### **Deng Intends To Establish a "Tough Politics, Soft Economy" Pattern**

The 14th CPC National Congress Report has left a deep impression on people because it stressed two points: 1) It called in no uncertain terms for building a new socialist market economic structure; 2) it called for a large-scale institutional streamlining drive. These two reforms constitute in fact an organic whole aimed at thoroughly changing a "socialist planned economy," which was the past "classical" structure, into a "market economy" pattern. Such a change has already been manifested this year by the fact that more and more people, including cadres of both party and government organs, as well as the staff and workers of various undertakings that used to rely on the "state finance," have "entered the sea" by starting their own businesses, running their own companies, and finding jobs in enterprises. In 1988, we witnessed a scenario whereby "nine hundred million out of 1 billion people were engaged in business." Now we have once again witnessed a similar scenario which can be called the "third business tide." Of course, the current "business tide" is slightly different from all the previous business tides in that the government has now further relaxed its control over businesses and enterprises so that people can enjoy more equal opportunities. The past special privileges enjoyed by the "official businessmen" are now shared by more people due to the abolition of the "dual-track" price system for most commodities. Therefore, it can be said that the current business tide represents, in a sense, a healthy market economic factor. Since the 14th CPC National Congress concluded, nearly 10 million [figure as published] office cadres have been made redundant while one-third of institutions have been streamlined with their former staff assigned jobs at lower levels. In due course, the number of economic quotas set in the mandatory plans will be reduced by more than 50 percent while various large and medium

state-run enterprises will be given greater decision-making power. In addition, a certain number of the state-run enterprises will probably be turned into non-state-run, foreign-funded, or private enterprises, and will probably even be auctioned to individuals. As a result, a large number of joint-stock enterprises with assets acquired in a modern way will come into being. Moreover, the large-scale opening up of the domestic market to the international market is expected to speed up to a significant extent the building of a market economic structure in China. All these can be regarded in a certain sense as an actual step toward the establishment of Deng Xiaoping's "tough politics (never vacillate in persevering in the one-party monopoly by the CPC), soft economy (delegate more economic powers to enterprises and individuals)" pattern. Deng Xiaoping has taken delight in talking about this pattern both in public and in private. He thinks much of the development patterns of Singapore and the ROK and believes that "combining highly centralized political power with a free market economy" is suitable for China.

#### **Scholars Comment On "Tough Politics, Soft Economy"**

Not long ago, a number of economists, who had participated in drafting the 14th CPC National Congress Report, gathered together and discussed Deng Xiaoping's "tough politics, soft economy" reform orientation. Some of them believed that in the past, the CPC had full control of many structures, such as political, economic, cultural, military, and various other structures. Now the CPC has separated economic power from various other powers, delegated economic power to both the people and society, and allowed the people and society to enjoy relatively independent economic powers and interests. This change is no doubt a step forward. Such a change is conducive to the ruling class in various aspects. By scattering and delegating more economic powers to lower levels, the ruling class can successfully divert people's attention from excessive political demands, reduce its own pressure in dealing with major political issues, and avoid an adverse impact on, interference in, and damage to social-economic life during a political crisis. As far as the ruling class is concerned, the ultimate demand with regard to subsistence and development is to own and expand their own economic power and interests and learn and master such concepts and powers as investment, operation, management, and so on, all of which used to be monopolized by the former bureaucrats. This is indeed a self-emancipation of the ruling class, which will in turn enjoy the fruit of this self-emancipation, divert more efforts and time away from politics and career advancement to such problems as waste, low efficiency, and internal strife so as to lay a solid foundation upon which they can participate more in the future social-economic life. In one word, the "tough politics, soft economy" pattern is conducive to both the CPC and the Chinese people. Under the premise that the basic political system of CPC still remains unchanged, this pattern is absolutely a better alternative for pushing ahead with China's economic progress.

### **It Is Hard To Implement the New Pattern to the Letter**

However, other economists believed that although the "tough politics, soft economy" pattern has its merits and is definitely a better alternative for pushing ahead with development, the pattern is in no way guaranteed by basic political conditions in its operation. First and foremost, in a short span of around three years from the "4 June" incident in 1988 to the end of last year, the CPC, by using its highly centralized political power, carried out "improvement and rectification" of the reform, retrieved some economic powers from the lower levels, suspended the entire reform process, and intensified the traditional "planned economy" structure with the result that the new-born economic structure was unable to protect itself. This shows that under the traditional political structure known for its highly centralized political power, the "planned economy" structure is still very capable of rapid recovery and expansion and can still be preserved and intensified owing to any political considerations on the part of the CPC at a time. To date, the basic framework in which the party and the government are interrelated and the functions of government and those of enterprises are entangled has not yet been transformed. Party organizations can still be found in many state-run enterprises. We have yet to find an effective way of turning state-owned assets into the social assets. The lack of a clear-cut property right system has also made it possible for the government to continue to play its guiding role with sufficient reasons through direct intervention in enterprises' economic activities. As a result, enterprises are unable to set up truly independent and efficient organizations and command centers to regulate their own production and operational activities and enjoy the powers promised by the government. Second, since the CPC's monopoly of power is still in no way restricted by any laws or decrees, the CPC has neither political adversaries nor behavior norms to follow. When delegating economic powers to the lower levels, the CPC does not correspondingly formulate laws and regulations to govern the scope and forms of its own behavior. Therefore, the CPC is completely immune from both supervision and punishment in its political intervention in the economic domain. In consequence, the society and the people will be left powerless to protect their own interests in accordance with various clear-cut laws and regulations. Third, the big gap between China, on the one hand, and Singapore and the ROK, on the other, is manifested in the following two aspects: 1) China has a big population pressure; 2) there is a big gap between east China and west China with regard to both economic and technological development. These two factors call for a strong state organ to coordinate and control the nationwide disposal of interests. This task was undertaken by the "planned economy" structure in the past. At a time when a market economic structure has to be refined and is still incapable of this task, the "planned economy" is still capable of existence and expansion, which will in turn impair a fledgling free market system to a large extent.

In a nutshell, all the economists agreed: Although the "tough politics, soft economy" pattern is a rational pattern in a sense, it is definitely hard to implement it to the letter. So long as the traditional political structure has not been reformed to a large extent, the mainland will be unable to speed up its pace of economic liberalization. Just as the reform tasks set by the 13th CPC National Congress had not been successfully fulfilled on schedule, it is hard to successfully fulfill all the reform tasks set by the 14th CPC National Congress.

### **The Inside Stories about Personnel Arrangements**

It should be pointed that the CPC leadership established by the 14th CPC National Congress is not wholly satisfactory to Deng Xiaoping. Deng Xiaoping expressed his dissatisfaction over the original leadership structure in his speeches made during his south China tour and his Shoudu Iron and Steel Plant tour early this year. Nevertheless, his views failed to obtain consent and support from veterans in the CPC hierarchy. Li Xiannian resolutely refused to support Deng Xiaoping's speeches; Chen Yun also expressed reservations about them and showed his hand by proposing that the "Jiang-Li structure remain unchanged." Wang Zhen, Song Renqiong, and others also did not see eye to eye with Deng Xiaoping with regard to personnel arrangements. A well-informed source disclosed that the CPC conservative faction "made almost no concessions" at all with regard to personnel arrangements. Deng Xiaoping was not satisfied with the namelists submitted for his reference by the Central Advisory Commission, the Central Discipline Inspection Commission, the CPC Central Committee Organization Department, and various other departments. An official close to Deng said: If Deng failed to make an explicit recommendations, then others would very likely turn a deaf ear to and would no longer bother what the old man says. Given his present status and physical condition, the old man can hardly do anything about this. On the other hand, Deng himself would not run the risk of intensifying the inner-party struggle by forcibly enforcing his own plan. Under such circumstances, Deng and other veterans can only make compromises with each other.

The promotion of Zhu Rongji to the CPC Central Committee Political Bureau Standing Committee had raised a hue and cry within the CPC hierarchy. Song Ping, Yao Yilin, and some others would like to see Zou Jiahua replacing Yao Yilin, who would retire from the Standing Committee at the 14th CPC National Congress. However, Deng Xiaoping took a rather strong stance in supporting Zhu Rongji. He insisted on promoting Zhu Rongji to the Standing Committee. As a buffer measure, Deng backed down from promoting Tian Jiyun to the Standing Committee.

### **Major Personnel Reshuffle in the CPC Ideological Domain**

The disputes over the personnel arrangements have also been reflected at the lower levels. For instance,

RENMIN RIBAO Director Gao Di, who was so notorious that even those within his clique could no longer put up with him, had been doomed to step down. Nevertheless, Song Ping told Jiang Zemin: "Comrade Gao Di did a lot of useful work after the '4 June' incident. Under no circumstances should we discredit and push down a comrade like him. First, we should show due respect for his feelings; second, the RENMIN RIBAO leadership should remain basically unchanged. The new director should be selected from among those in charge at the moment." As a result, RENMIN RIBAO Chief Editor Shao Huaze was promoted to be director. Song Ping and others then selected a chief editor for the paper from another department. Some people in the CPC hierarchy also showed concern for Wang Renzhi. Zheng Bijian, Chinese Academy of Sciences vice president, succeeded Wang Renzhi as CPC Central Committee Propaganda Department director. Zheng used to be a secretary of the late Hu Yaobang and was also one of the co-conveners of the 14th CPC National Congress report drafting group. Liu Zhongde, CPC Central Committee Propaganda Department deputy director (Editor's Note: Liu had already been appointed vice minister of culture), who was an unknown personality in cultural circles, succeeded He Jingzhi and became minister of culture. After Gao, Wang, and He, who had been known as "diehard leftists," were removed from the office of RENMIN RIBAO, the CPC Central Committee Propaganda Department, and the Ministry of Culture respectively, Mu Qing, New China News Agency [XINHUA] director, was also replaced by one of his deputies named Guo Chaoren due to his old age. Nevertheless, all the key CPC ideological work departments have now completed a major leading personnel reshuffle. This has reflected people's wishes to a certain extent.

#### **Do Not Place Too High Hopes on the 14th CPC National Congress**

Of course, the 14th CPC National Congress successfully elected a batch of young cadres, who are in the prime of life and have a relatively strong sense of reform, to the Central Committee and the Political Bureau. As a force with an unknown capacity in the future political development, this young political "new army" has made people optimistic about China's future. Moreover, the abolition of the Central Advisory Commission by the congress has also left people elated. Deng Xiaoping was gratified about all these, too. Although he cannot in his lifetime find an effective way and form of placing the large ruling party within the orbit of democracy and the legal system, he has to a large extent cleared away many obstacles to the party's continued existence.

However, we should on no account place too high hopes on the 14th CPC National Congress. On 30 September, the CPC Central Committee issued a document to cadres at both provincial and army levels, which stated: "1) During the Japanese emperor's visit to China, no organization or individual is allowed to demand any form of war reparations from Japan; 2) the verdict of the '4 June' incident must never be reversed. It is necessary to

resolutely oppose and guard against any views or remarks in favor of such a reversal; 3) it is necessary to oppose 'leftism' in a proper way, never to speak of the party's history as a history of 'leftism,' and never to let political stability and the authority of the CPC central leadership be undermined in the course of opposing 'leftism.'" Since the document was issued after the 14th CPC National Congress opened, it was no doubt a political signal which once again proved what Deng Xiaoping intended to establish was a "tough politics, soft economy" pattern.

#### **Jailed Zhao Aide's Family Seeks Medical Treatment**

HK1211063992 Hong Kong SOUTH CHINA MORNING POST in English 12 Nov 92 p 11

[Report by Willy Wo-lap Lam]

[Text] The family of Bao Tong, the jailed aide to ousted party chief Mr Zhao Ziyang, is lobbying the authorities to release him on the technicality of "bail to seek medical treatment."

And Bao, who passed his 60th birthday in the Qincheng maximum security prison last Thursday, has said he does not regret his actions.

The family members, who are only allowed visiting rights once every two months, got permission at the last minute to see Bao on his birthday.

"Bao Tong looks reasonably good," a relative said. "A medical test he recently underwent indicated his health was normal."

However, he added, Bao was still suffering from a chronic stomach ailment.

The relative said the Bao family was lobbying senior officials for "bail" to be granted on November 28, when the former head of the Research Office for Political Reform would have served half his seven-year sentence.

While official judicial proceedings against Bao did not begin until this spring, the former secretary of Mr Zhao had been arrested in late May 1989.

A source close to the Bao family said they had at least temporarily given up on a further appeal or petition for his release.

"In contravention of the criminal code, Qincheng authorities have ruled that if Bao were to lodge a petition, he would not be able to see his family," the source said.

He added there were many precedents of Beijing granting "bail" to political prisoners after they had served half their jail terms.

According to the relative, Bao was in a relatively cheerful mood when he met his wife, daughter, and three other



relatives in the guestroom of Qincheng. However, a guard sat in on the meeting, which lasted more than an hour.

Bao requested from his relatives a large number of books, including such ancient texts as "Strategies of the Warring States."

"I have no worries, no regrets, and no white hair," Bao said, apparently referring to his decision to stick by Mr Zhao in the crucial weeks before the June 4, 1989, crackdown.

Family members said the former member of the Central Committee seemed to have kept abreast of latest events, including the 14th party congress.

Kept in solitary confinement in Qincheng, Bao is allowed to take a bath at a communal facility once or twice a week.

Informed sources said the decision on whether the sentence of Bao might be commuted depended on China's relations with the West, particularly the United States.

"The (Communist) Party may decide to shorten the sentences of Bao Tong and other dissidents just before (President-elect Mr Bill) Clinton decides whether to renew Most Favoured Nation status in mid- 1993," a source said.

The jail terms of such well-known dissidents as Wang Dan and Wei Jing-sheng are coming to an end in one to two years.

### Writer Yang Mo Wins Reputation Suit

HK1211103392 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1215 GMT 11 Nov 92

[By reporter Peng Weixiang (1756 0251 4382) and correspondent Li Muping (2621 3668 1627)]

[Text] Beijing, 11 Nov (ZHONGGUO XINWEN SHE)—Yang Mo, a well-known mainland woman writer, has won the preliminary trial in a reputation suit.

The Beijing Municipal Intermediate People's Court today began hearing a reputation suit brought by Yang Mo against Wang Zhaoqian, deputy director of the Editorial Department of DANGDAI [CONTEMPORARY], a magazine published by the People's Literature Publishing House. After the preliminary trial, the court gave its verdict on the case.

The verdict was that Wang Zhaoqian and the Shandong Science and Technology Publishing House, which published an article written by Wang Zhaoqian which damaged Yang Mo's reputation, should print a public apology in the first issue for 1993 of the magazine ZHI SHI YU SHENG HUO [KNOWLEDGE AND LIFE]. The apology statement must be submitted to the court for examination in advance. Moreover, Wang Zhaoqian

and the Shandong Science and Technology Publishing House must together make a cash payment of 2,500 yuan to Yang Mo as compensation for psychological damage.

Yang Mo has been a well-known writer on the mainland ever since she published a novel entitled "Song of Youth" in 1957. The novel later caused a great sensation after a movie was made based on it.

In January 1991, the Shandong Science and Technology Publishing House published in the first issue for 1991 of the magazine ZHI SHI YU SHENG HUO an article entitled "Second Interview with Yang Mo," which was written by Wang Zhaoqian under the pen name of Dong Fang Xiao. The article disclosed that a foreign president specially asked to meet with Yang Mo during his visit to China. The article also stated that the novel "Song of Youth" was not published until Yang Mo paid a personal visit to Feng Xuefeng, former director of the People's Literature Publishing House, who gave the go-ahead for its publication. Moreover, the article also provided untrue stories about Yang Mo's early life.

After reading the article, Yang Mo was shocked, and wrote an article entitled "An Open Letter to Dong Fang Xiao." On 12 April 1991, she wrote a letter to the Shandong Science and Technology Publishing House and demanded that her letter be published in order to clarify the facts. However, the Shandong Science and Technology Publishing House did not publish her letter.

On 21 May 1991, Yang Mo brought a suit in the Beijing Municipal Intermediate People's Court.

After accepting the case, the Beijing Municipal Intermediate People's Court included the Shandong Science and Technology Publishing House as a co-defendant.

During today's court hearing, the Shandong Science and Technology Publishing House also brought a suit against Yang Mo, accusing her of having damaged its reputation. Wang Zhaoqian also brought a suit against Yang Mo, accusing her of having damaged his reputation. The court had also conducted investigations to see whether or not the article "Second Interview With Yang Mo" had damaged Yang Mo's reputation. The plaintiff and the defendants as well as their counsel had a heated debate during the hearing. Yang Mo argued that Wang Zhaoqian had never interviewed her and that his article was full of vulgar descriptions supported by fabricated facts, thus injuring her human dignity. Wang Zhaoqian argued that "Second Interview With Yang Mo" was a literary work he had created by applying the "New Journalism." Despite the fact that he had not interviewed Yang Mo, in order to make the article richer in content and more readable, he conducted some word-processing on the basis of the true materials he had collected. He said that his original intention was to sing the praises of, rather than discredit Yang Mo.

The Shandong Science and Technology Publishing House also argued that the well-intentioned article had a



positive theme and provided true stories in an appropriate language and thereby in no way damaged Yang Mo's reputation.

Since each side stuck to its own view, reconciliation between the plaintiff and the defendants was out of the question. Thus the court finally reached its verdict on the case after exhaustive deliberations.

The court held that Wang Zhaoqian and the Shandong Science and Technology Publishing House had presumptuously published the article entitled "Second Interview with Yang Mo" without the prior approval of and examination by Yang Mo. Since it contained untrue stories created from fabricated or distorted facts, the article damaged Yang Mo's reputation and adversely affected Yang Mo's mind, work, and livelihood to a certain extent. Wang Zhaoqian should be held mainly responsible for this, while the Shandong Science and Technology Publishing House should also be held responsible because it failed to conduct a careful examination of the article before its publication.

After the preliminary trial of the case, Wang Zhaoqian and Zhao Weidong, chief editor of the magazine ZHI SHI YU SHENG HUO and deputy chief copy editor of the Shandong Science and Technology Publishing House, said that they were not convinced and would appeal to the Beijing Municipal Higher People's Court.

**Official Comments to NPC on Patten's 'Sophistry'**  
*HK1111020092 Hong Kong WEN WEI PO in Chinese*  
8 Nov 92 p 6

[Speech by Li Hou (2621 0683), adviser to the Law Committee of the National People's Congress (NPC) Standing Committee, at the 28th Meeting of the NPC Standing Committee in Beijing on 7 November: "Facts Speak Louder Than Sophistry"]

[Text] In his first policy address after assuming office last month, Hong Kong Governor Patten proposed a so-called "constitutional package" aimed at effecting major changes in Hong Kong's current political system. The package violates the Sino-British Joint Declaration, does not conform to the relevant provisions of the Basic Law, and contravenes the understanding reached between the Chinese and British sides in the past. Although Patten defended himself, saying that there was no "secret agreement" on the development of Hong Kong's government system, in an attempt to use the term "secret agreement" to divert public attention, sophistry cannot conceal the facts. A Chinese department concerned issued on 28 October the seven Sino-British diplomatic documents on the development of Hong Kong's government system, which clearly indicated in black and white the understanding reached between the two sides on the number of directly elected seats in the 1995 Legislative Council [Legco], the formation of the Election Committee, and other issues. We can also see from the documents that prior to the promulgation of the Basic Law, the Chinese side had made efforts to seek British cooperation and

common understanding between the two sides on ensuring Hong Kong's smooth transition in 1997 and long-term stability and prosperity.

As secretary general of the Drafting Committee of the Basic Law for the Hong Kong Special Administrative Region [SAR] and deputy director of the State Council's Hong Kong and Macao Affairs Office at that time, I had taken part in the whole process of the drafting work. I clearly know the consultations made between the two sides on issues concerning the development of Hong Kong's government system, which include the understanding reached through the seven diplomatic documents. In the capacity of witness, I would now like to speak about the issues involved in the elections of Hong Kong's last Legco in 1995 as mentioned in Patten's policy address and the understanding reached between China and Britain on these issues.

### I. On Elections by Constituencies

The "Decision of the National People's Congress on the Method for the Formation of the First Government and the First Legco of the Hong Kong SAR" and Annex II of the Basic Law stipulate that 50 percent of the members of the first three Legcos of the Hong Kong SAR will be elected by the functional constituencies. Election by functional constituencies is a means of indirect election adopted by Hong Kong's Legco in 1985. The White Paper issued by the Hong Kong British Government in November 1984 states that in view of the important bearing of Hong Kong's financial circles and professionals on maintaining Hong Kong's confidence in the future and prosperity, these figures should be fully represented and "...the objective is that all social strata which have common interests in society, economy, and profession should have their representatives in the Legco." Thus it can be seen that these members have joined the Legco as representatives of a circle, group, or profession rather than as individuals. While reviewing this system in 1987, the Hong Kong British Government reaffirmed that the system should be maintained in light of the views of the majority and because it was well received by people. For this reason, the Legco in 1988 increased the number of seats from six in 1985 to 12 and again to 21 in 1991. While drafting the Basic Law, the British side time and again recommended this election method to us. Seeing that the election method did have strong points and was accepted by the Hong Kong people and in view of the principle of maintaining effective things, the drafting committee included elections by the constituencies, a means of indirect elections, into the Basic Law. Election by constituencies stipulated in the Basic Law is the indirect election practiced in Hong Kong since 1985. This was a common understanding and no one thought that it would give rise to controversies. When the Basic Law (draft) was submitted to the NPC Standing Committee for examination and approval in November 1988 so as to promulgate it and solicit opinions from the public, the then Governor Wilson was in Beijing to discuss arrangements for the transition. He

once again affirmed that it was indirect election. However, the election plan proposed in Patten's policy address intends to allow every in-service person in society to have two votes. This not only creates contradiction and unfairness between those in service and those not in service, but also turns the indirect elections by constituencies into direct elections by various sectors, which has fundamentally changed the nature and meaning of elections by the constituencies. While drafting the Basic Law, some people outside the drafting committee made similar proposals, which were negated at that time. Patten has picked up the proposal rejected by the drafting committee long ago and put aside the documents submitted and the remarks made by the British side while recommending the system to the Chinese side, totally ignoring the general social understanding in Hong Kong and the common understanding of the Basic Law drafters on the issue. He has even repudiated the current indirect election method, the basic condition prescribed in the Basic Law to be followed in elections by the constituencies. How can he say that his proposal has not violated the provisions of the Basic Law?

## II. On the Election Committee

Annex I and Annex II of the Basic Law stipulate that the chief executive of the Hong Kong SAR and some members of the Legco shall be elected by a broadly representative Election Committee. The Election Committee is composed of members from the following four sectors: 1) industrial, commercial, and financial sectors; 2) the professions; 3) labor, social services, religious, and other sectors; and 4) members of the Legco, representatives of district organizations, Hong Kong deputies to the NPC, and Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference. I must explain here: Why did Annex II of the Basic Law stipulate that "except in the case of the first Legco, the above-mentioned Election Committee refers to the one provided for in Annex I of this Law"? This is because: First, if the Election Committee stipulated in Annex I must at the same time elect the chief executive and some members of the Legco, it cannot undertake the responsibility of electing the chief executive because according to the arrangements made for convergence with the period during 1997, the Election Committee for electing some members of the first Legco must be set up before 1995. Second, the Election Committee prescribed in Annex I includes members of the SAR Legco and representatives of the district organizations. Although the SAR Legco and district organizations do not yet exist in 1995, it does not mean that the Election Committee responsible for electing some members of the first Legco can disregard the principle laid down in Annex I. To ensure convergence with the period during 1997, before the Basic Law was submitted to the NPC for examination and approval in April 1990, the Chinese and British sides held consultations on numerous occasions on the formation of the Election Committee. On 6 February

1990, British Ambassador Alan Donald urgently summoned Chen Ziyang, director of the Hong Kong and Macao Affairs Office under the Foreign Affairs Ministry, and transmitted three documents to the Chinese side, of which the third document proposed the five principles for the Election Committee and its formation from four sectors. In a reply to the British side on 8 February, the Chinese side clearly expressed agreement to the five principles proposed by the British side. On the composition and ratio of the formation of the Election Committee, however, the Chinese side maintained that "the composition and ratio of the election committee as specified in paragraph 2 of Annex I of the Basic Law (draft) must be followed in terms of its proportional composition; this is because Annex I was approved by a two-thirds majority of the membership of the drafting committee at its Eighth Plenary Session." In his letter to Foreign Minister Qian on 12 February, British Foreign Secretary Douglas Hurd confirmed: "I agree in principle with the arrangements which you propose for an electoral committee, which could be established in 1995. The precise details of how this should be done can be discussed between our two sides in due course. Meanwhile, I hope that the five principles on which you have agreed can be reflected in the Basic Law." Thus it can be seen that the British side agreed to the establishment of the 1995 Election Committee in accordance with the provisions of Annex I and II of the Basic Law. As to the five principles proposed by the British side, most of them are reflected in the articles, such as the principle that the Election Committee should be broadly representative and an election law should be drafted in light of the principles of democracy and openness. The means of secret ballot is also stated in item five of Annex I of the Basic Law. The note from the British side attached to the above-mentioned documents also stated clearly that there were no obstacles to cooperation between the two sides on the question of the Election Committee and that the British side expressed gratitude to the efforts made by the Chinese side. Are all these not enough to prove that the Chinese and British sides reached accommodation and understanding long ago on the Election Committee? The Basic Law did not contain specific provisions on the formation of the first Election Committee because we considered that the British side had agreed to form the 1995 Election Committee in light of the specific provisions of Annex I of the Basic Law on the Election Committee. This actually did not constitute a problem and it was not appropriate for the Basic Law to lay down concrete rules. Apparently, if a transition is to be effected in Hong Kong's last Legco elected in 1995 through post-1997, the British side should form the Election Committee in light of the understanding reached by the two sides and make arrangements in accordance with the principle of the Basic Law and the provisions of Annex I of the Law. As for the details of the arrangements, they can be discussed by the two sides in due course. However, there is no "gray area" here for anyone to take advantage of. What reason does Patten have to propose a scheme, under the excuse that the

Basic Law has not given any "guidance," for the formation of the 1995 Election Committee by all or most of the directly elected District Board members? He has totally set aside the principle of "broadly representative" and the accommodation and understanding reached between China and Britain. This is another example of Patten's challenge to the Basic Law and Sino-British cooperation. If Mr. Patten insists on doing so, it simply means that he himself has dismantled from the British side the track leading to 1997!

### III. On Direct Elections

In light of the principle of gradual and orderly progress, the NPC Decision on the Method of the Formation of the First Government and the First Legco of the Hong Kong SAR and Annex II of the Basic Law have stipulated the number of directly elected seats in the Legco, which will gradually increase to 20 in 1997, 24 in 1999, and 30 in 2003.

To ensure convergence in 1997, the Chinese and British sides held consultations on numerous occasions on the number of directly elected seats in the Legco from 1991 to 1997. We can see clearly from the published seven diplomatic documents that when the Basic Law was to be finalized in early 1990, British Foreign Secretary Douglas Hurd stated in his letter to Foreign Minister Qian Qichen: "I am now prepared to confirm an understanding with the Chinese Government on the following lines. If the final version of the Basic Law provides for 20 directly elected seats in the SAR legislature in 1997, 24 in 1999, and 30 in 2003, the British Government will be prepared to limit to 18 the number of directly elected seats to be introduced in 1991." In the face of the documents written in black and white, Patten cannot deny the facts, despite the statement he made that China and Britain did not reach any understanding on the number of directly elected seats in the 1995 legislature. In light of the provisions of the Basic Law and the NPC Decision on the Method of the Formation of the First Government and the first Legco of the Hong Kong SAR Government, the last Hong Kong Legco in 1995 and its members can become members of the first Legco of the Hong Kong SAR in 1997 so long as they conform to the conditions of the Basic Law and above-mentioned provisions and are endorsed by the Hong Kong SAR Preparatory Committee. One of the conditions is that the formation of the 1995 Legco should converge with the legislature of the 1997 SAR. Since the number of directly elected seats in the 1997 legislature is 20, the number in 1995 should be the same, that is, 20. Otherwise, convergence will be impossible. The repeated consultations between the Chinese and British sides on Hong Kong's legislature and a series of accommodations and understandings reached were focused on the convergence of the development of Hong Kong's government system before 1997 with the Basic Law. In view of Sino-British accommodation and understanding, the Basic Law and the relevant NPC decision made the above-mentioned arrangements for Hong Kong's legislature. The causality indicated here is quite clear. Without Sino-British

accommodation and understanding on Hong Kong's legislature, there would be no transitional arrangements made by the Basic Law and the NPC. It is true that the British side had expressed the hope to increase the number of directly elected seats. However, it was just a unilateral hope. In his letter to Foreign Minister Qian, Douglas Hurd pointed out: "As far as 1995 is concerned, there will be no fewer than 20 seats in the legislature." We hold that this does not contradict with the 20 directly elected seats in the first legislature of the SAR in 1997 as prescribed by the Basic Law. Douglas Hurd also pointed out in the letter: "You may be sure that the British Government will continue to recognize the advantage of continuity between the arrangements before and after 1997." Moreover, Hurd also told the British House of Commons in 1990: "If we can then decide to adopt the election arrangements of the Basic Law, the members elected in 1995 may stride across 1997 and stay until 1999." Thus, the British side clearly knows that members of the 1995 legislature may continue to stay until the post-1997 period so long as the provisions of the Basic Law are followed. How can Patten say that the two sides had no understanding on directly elected seats in 1995? Therefore, it is by no means an exaggeration to say that Patten is openly telling a lie to the Hong Kong public and the international community.

Mr. Patten has assumed the office of Hong Kong governor for only a short period. However, he has gone too far in deviating from the track of the Sino-British Joint Declaration, the Basic Law, and the relevant Sino-British understanding. There is an ancient Chinese saying: "If a man does not keep his word, what is he good for?" We would like to ask Mr. Patten: Do you want to continue cooperation with the Chinese side based on the Joint Declaration? Do you want convergence with the Basic Law? Is the relevant understanding reached between the Chinese and British Governments still credible?

Mr. Patten said time and again that he read the Basic Law more often than the Bible and that his "constitutional package" absolutely conformed to the Basic Law. Mr. Patten's knowledge of the Bible has nothing to do with us. But I can say that his marks for the Basic Law are not enough to get a passing grade. The Basic Law stipulates that "the power of interpretation of this Law shall be vested in the NPC Standing Committee." Although the Basic Law has also stipulated that the NPC Standing Committee shall authorize the courts of the Hong Kong SAR to interpret on their own, in adjudicating cases, the provisions of this Law, which are within the limits of the autonomy of the Region, the problem of authorization is out of the question as the SAR is not yet established. The NPC Standing Committee has not, and will never, authorize a foreign colonial governor to indiscriminately interpret its Basic Law.

Since the initialing of the Sino-British Joint Declaration in 1984, Sino-British relations of cooperation on the question of Hong Kong have been good on the whole, despite some setbacks. The responsibility for the current



open polemics between China and Britain on the question of Hong Kong does not lie with the Chinese side. It is Mr. Patten who launched the polemics aimed at leading Sino-British ties backwards. If Mr. Patten truly values Hong Kong's interests and Sino-British friendship, he should rein in on the brink of the precipice and quickly return to the normal track of the Joint Declaration and relevant understanding reached between the two sides. If Mr. Patten continues to act perfidiously, clings obstinately to his course, makes arrangements which do not converge with the Basic Law, and sabotages Hong Kong's smooth transition in 1997, China will have no choice but to repudiate the system in 1997 and establish new executive organs, legislature, and judiciary in accordance with the provisions of the Basic Law and NPC Standing Committee decisions. So long as we resolutely implement the policy of "one country, two systems" and strictly follow the Basic Law and the Joint Declaration, Hong Kong's smooth transition can be attained. We are full of confidence in this regard. We would also like to warn Mr. Patten: Be careful not to lift the rock to drop on his own feet.

#### **'Text' of NPC Law on Safety in Mines**

OW1011025992 Beijing XINHUA Domestic Service in Chinese 0720 GMT 8 Nov 92

[Text] Beijing, 8 Nov (XINHUA)—The Law on Safety in Mines in the People's Republic of China

Adopted by the 28th Meeting of the Seventh National People's Congress on 7 November 1992

#### **Chapter I. General Principles**

Article 1. This law is formulated with a view to ensuring production safety and preventing accidents in mines, to protecting the personal safety of miners, and to promoting the development of the mining industry.

Article 2. This law must be observed in the exploitation of mineral resources within the territory and waters under the jurisdiction of the PRC.

Article 3. Mining enterprises must be equipped with facilities for ensuring production safety. They must establish a complete safety system in management; they must adopt effective measures to improve miners' working conditions, strengthen the management of mining safety, and ensure safe production.

Article 4. The administrative department in charge of labor under the State Council exercises unified supervision over the safety of mines throughout the country.

The administrative departments in charge of labor under local people's governments at and above the county level exercise unified supervision over the safety of mines under their respective jurisdiction.

Departments in charge of mining enterprises under people's governments at and above the county level exercise supervision over the safety of mines run by these enterprises.

Article 5. The state shall encourage science and technological research in mining safety and popularize advanced technologies for improving safety facilities and enhancing safe production in mines.

Article 6. Units and individuals who perform meritorious services in persistently ensuring safety in mining, preventing mining accidents, rescuing victims of mining mishaps, or engaging in science and technological research on mining safety shall be rewarded.

#### **Chapter II. Guarantee for Safety in the Construction of Mines**

Article 7. The designing, constructing, and putting into operation of facilities for ensuring the safety of a mine must go hand in hand with the main engineering component of the mine.

Article 8. Documents designing the construction of mines must comply with mining safety rules as well as professional and technical standards; they must be approved by departments in charge of mining enterprises according to the state regulations. Approval shall not be granted to designs failing to meet mining safety rules as well as professional and technical standards.

Designs for constructing safety facilities of mines must be examined with the participation of the administrative department in charge of labor.

The mining safety rules and the professional and technical standards shall be formulated by the department in charge of mining enterprises under the State Council.

Article 9. The following items in the design of mines must comply with mining safety rules as well as professional and technical standards:

- (1) The ventilation system and the amount, quality, and speed of air going in and out of mines;
- (2) The width and height of side-slope angles and stairs of open-pits;
- (3) Power supply system;
- (4) Lifting and transporting systems;
- (5) Waterproof and drainage systems as well as fire prevention and fire extinguishing systems;
- (6) Gas and dust prevention systems; and
- (7) Other items related to mining safety.

Article 10. Each mine shaft must have at least two passable emergency exits. The linear horizontal distance between such exits must conform to mining safety regulations and industry technological criteria.



Article 11. Mines must be installed with externally connected transport and communications facilities in accordance with safety requirements.

Article 12. Mining construction projects must be built in accordance with the design documents approved by departments in charge of mining enterprises.

Departments in charge of mining enterprises shall appraise and accept mining safety installations in conjunction with labor administrative departments. Projects in violation of mining safety regulations and industry technological criteria shall not be allowed to pass the appraisal and acceptance test, nor shall they be allowed to go into production.

### Chapter III. Mining Safeguards

Article 13. Mining must be conducted under circumstances that ensure safety. Mining operations involving different ores are subject to different mining safety regulations and industry technological criteria.

Article 14. Ore and rock pillars whose preservation is prescribed in mining designs shall be protected for the prescribed period; they may not be mined or destroyed during that period.

Article 15. Facilities, equipment, protective gear, and safety testing instruments used for special safety purposes in mines must conform to national safety standards or industry technological criteria; otherwise, they shall not be put to use.

Article 16. To ensure safe applications, mining enterprises must conduct regular inspections and maintenance repairs of their machinery and electrical appliances, protective gear, and safety testing instruments.

Article 17. To assure compliance with safety requirements, mining enterprises must assess the contents of toxic and harmful substances on their premises and the amounts of oxygen in the air of mine shafts.

Article 18. Mining enterprises must adopt measures to prevent the following safety hazards:

- (1) Roof cave-ins and flaking, landslides, and surface cave-ins;
- (2) Gas and coal-dust explosions;
- (3) Surging ground pressure and gas buildups and blow-outs;
- (4) Fires and floods that occur on or below ground level;
- (5) Hazards arising from blasting equipment and operations;
- (6) Hazards arising from dust, toxic and harmful gases, radioactive substances, and other harmful substances; and
- (7) Other hazards.

Article 19. Mining enterprises shall adopt measures to prevent potential hazards arising from the use of machinery and electrical appliances and from earth dumps, gangue mounds, repositories of tailings, and closed shafts.

### Chapter IV. Safety Management in Mining Enterprises

Article 20. Mining enterprises must install and improve safety responsibility systems.

Mining directors shall assume responsibility for the safety of mining operations undertaken by their enterprises.

Article 21. Mining directors shall periodically brief workers' congresses or conferences on the safety of mining operations. They shall help workers' congresses exercise supervisory functions.

Article 22. Workers in mining enterprises must abide by laws and regulations governing mining safety as well as the rules of their enterprises.

They have the right to file criticisms, reports, and complaints against safety violations.

Article 23. Trade unions representing workers in mining enterprises shall protect the legitimate rights and interests of workers regarding mining safety in accordance with the law. They shall help workers exercise supervision over mining safety.

Article 24. Trade unions have the right to demand serious action from enterprise management or relevant departments regarding violations of relevant safety laws and regulations by mining enterprises.

Trade union representatives shall attend meetings convened by mining enterprises to discuss mining safety. Trade unions have the right to state their opinions and suggestions at those meetings.

Article 25. Trade unions representing workers in mining enterprises have the right to recommend solutions if they find that enterprise management is instructing or forcing workers to engage in hazardous operations in violation of relevant regulations, or if they discover latent dangers and occupational hazards of obviously serious proportions. In the event they detect potential harm to workers' lives and safety, they have the right to make recommendations to enterprise management regarding operations to evacuate workers from dangerous places. Management personnel in mining enterprises must make a prompt decision on these recommendations.

Article 26. Mining enterprises must educate and train workers in safety procedures. Workers who have not undergone such education and training shall not be allowed to engage in operations.

Before assuming operations, special personnel charged with the safe operations of mining enterprises must undergo special training and obtain appraisal-based qualification certificates.

Article 27. Directors of mining enterprises must undergo assessment, possess professional knowledge on safety procedures, and possess the capability to oversee safe operations and handle mining accidents.

Personnel in charge of safety aspects in mining enterprises must possess the necessary professional knowledge on safety procedures and work experiences in mining safety.

Article 28. Mining enterprises must distribute to their workers and staff members protective work equipment needed to guarantee safe operations.

Article 29. Mining enterprises shall not hire minors to work in mine wells.

Mining enterprises shall carry out special labor protection measures for female workers and staff members in accordance with state stipulations. Female workers and staff members shall not be assigned work in mine wells.

Article 30. Mining enterprises must draw up precautionary measures against mining accidents and organize people to implement them.

Article 31. Mining enterprises shall set up first-aid and emergency medical teams staffed by professional or part-time personnel and equipped with necessary equipment, apparatus, and medical supplies.

Article 32. Mining enterprises must draw special funds for safe technological operation measures from sales returns of its mining products according to state stipulations. The special funds must be used strictly for the improvement of conditions for safe mining operations and shall not be used for other purposes.

#### **Chapter V. Supervision and Control Over Mining Safety**

Article 33. All levels of competent labor administration departments of people's governments at or above the county level shall carry out the following supervisory duties on mining safety:

- (1) Inspect progress in the enforcement of mining safety laws and statutes by mining enterprises and competent administrative departments of mining enterprises;
- (2) Examine designs for safety facilities in mining construction projects and appraise the facilities upon completion of their construction;
- (3) Inspect labor and safety conditions in mines;
- (4) Inspect education and training sessions on safety procedures for workers and staff members of mining enterprises;

(5) Supervise the withdrawal and use of special funds for safe technological operation measures by mining enterprises;

(6) Participate in and supervise the investigating and handling mining accidents;

(7) Conduct other supervisory duties stipulated by law or administrative statute.

Article 34. Competent administrative departments of mining enterprises of people's governments at or above the county level shall carry out the following administrative duties over safety procedures in mines:

(1) Examine progress in the enforcement of laws and statutes on mining safety by mining enterprises;

(2) Examine and approve designs for safety facilities in mining construction projects;

(3) Organize efforts to appraise safety facilities in mining construction projects upon the completion of the facilities' construction;

(4) Organize training sessions for directors of mining enterprises and personnel in charge of safety aspects of the enterprises;

(5) Investigate and handle major mining accidents;

(6) Conduct other management duties stipulated by law or administrative statute.

Article 35. Mine safety inspectors from labor administrative departments have the right to enter mining enterprises and conduct on-site safety inspections. They shall demand immediate action from mining enterprises if they discover critical hazards that endanger worker safety.

#### **Chapter VI. Dealing With Mining Accidents**

Article 36. In the event of a mining incident, the mining enterprise in question must immediately launch a rescue operation in order to prevent the incident from worsening and to minimize casualties and property losses. It must immediately submit a truthful report of accidents resulting in casualties to labor administrative departments and departments in charge of mining enterprises.

Article 37. In the event of an ordinary mining accident, the mining enterprise in question shall be responsible for investigating and handling the accident.

In the event of a major mining accident, the government and its related departments, trade unions, and mining enterprises shall investigate and handle the accident in accordance with administrative laws and regulations.

Article 38. Mining enterprises shall compensate the victims of mining accidents in accordance with state regulations.

Article 39. Immediately after a mining accident, efforts shall be taken to eliminate dangers from the site, to

determine the cause, and to recommend preventive measures. Operations may resume only after hazards have been removed from the site of the accident.

#### Chapter VII. Legal Responsibilities

Article 40. Labor administrative departments shall order remedial actions, along with fines if necessary, for any of the following acts in violation of the provisions of this law. If the circumstances are serious, they shall request people's governments at or above the county level to render a decision suspending the mining operations in the interest of reorganization. Relevant work units or higher competent organs shall impose disciplinary actions on leading personnel or directly responsible individuals who:

- (1) Assign workers to jobs before providing them with safety education and training;
- (2) Use equipment, supplies, protective gear, and safety testing instruments that are inconsistent with national safety standards or industry safety criteria;
- (3) Appropriate or use special funds earmarked for safety technologies and procedures in violation of relevant regulations;
- (4) Refuse to allow mining safety inspectors to conduct on-site inspections, or conceal or misrepresent latent hazards during such inspections;
- (5) Fail to report mining accidents in a timely and truthful manner in accordance with relevant regulations.

Article 41. Labor administrative departments shall order remedial actions during a prescribed time limit if the mining directors do not possess professional safety knowledge, and if special personnel in charge of safe mining operations are assigned to work without first obtaining qualification certificates. If remedial actions are not taken within the prescribed period, these departments shall request people's governments at or above the county level to decide on suspending mining operations and mandating the assignment of qualified personnel as the sole condition for resuming operations.

Article 42. Departments in charge of mining enterprises shall order a cessation of work on mining safety installations if the designs for such installations have not been approved by the authorities. If the enterprises refuse to obey the order, they shall request people's governments at or above the county level to render a decision authorizing them to revoke the mining and business licenses of the enterprises in question.

Article 43. Mines which are put into production before undergoing and passing the acceptance test for their safety installations shall be ordered by the departments in charge of labor and mining enterprises to cease production, and be fined by the labor department; if the mines refuse to obey the order, the labor department shall request the people's government at or above the

county level to authorize the relevant department to revoke the mining and business licenses of the enterprises in question.

Article 44. Mining enterprises in operation that unlawfully engage in mining under unsafe conditions shall be ordered by the departments in charge of labor and mining enterprises to take remedial actions during a prescribed time limit. If remedial actions are not taken within the prescribed period, the labor department shall request the people's government at or above the county level to decide on ordering the enterprises to stop production or authorizing the relevant department to revoke the mining and business licenses of the enterprises in question.

Article 45. If the parties involved refuse to comply with a penalty, they may appeal to the department in charge of penalties at the next higher level within 15 days after the receipt of the penalty notice; they may directly file a law suit at the people's courts within 15 days after the receipt of the penalty notice.

Departments handling appeals should render a decision within 60 days after the receipt of an appeal. If the parties involved refuse to accept the appeal decision, they may file a lawsuit at the people's courts within 15 days after the receipt of the appeal decision. When departments handling appeals fail to render a decision within the prescribed period, the parties involved may file a lawsuit at the people's courts within 15 days after the expiration of the prescribed period.

When a party involved does not appeal or file a lawsuit at the people's courts, and accepts with the penalty decision, the department that imposed the penalty may request the people's court to enforce it.

Article 46. Directors of mining enterprises who violate regulations and force miners to work under dangerous conditions, thereby causing major accidents involving injury or death, shall be investigated for their criminal responsibilities according to the provisions in Article 114 of the Criminal Law.

Article 47. Directors of mining enterprises who fail to adopt measures against latent causes for mining accidents and thus cause major accidents involving injury or death, shall be investigated for their responsibilities according to the provisions in Article 187 of the Criminal Law.

Article 48. Mining safety supervisory and managerial personnel who commit power abuse, neglect of duty, or favoritism, thereby constituting a crime, shall be investigated for their criminal responsibilities; when such acts do not constitute a crime, the personnel in question shall receive administrative disciplinary actions.

Article 49. The department in charge of labor under the State Council shall formulate rules and regulations for enforcing this law and submit them to the State Council for approval and implementation.



The provincial, autonomous regional, and municipal people's congress standing committees shall formulate rules and regulations for enforcing this law on the basis of this law and according to the actual conditions of each province, autonomous region, or municipality.

Article 50. This law shall become effective on 1 May 1993. Appendix

#### Relevant articles of the Criminal Law:

Article 114. The staff and workers of factories, mines, forestry farms, construction enterprises, or other enterprises and institutions who do not submit to management and who violate the rules or force workers to work in dangerous conditions in violation of rules, thereby causing major accidents involving injury or death and causing serious consequences, are to be sentenced to not more than three years of fixed-term imprisonment or criminal detention; when the circumstances are especially odious, the sentence is to be not less than three years and not more than seven years of fixed-term imprisonment.

Article 187. State functionaries who, because of neglect of duty, cause public property or the interests of the state and the people to suffer major losses, are to be sentenced to not more than five years of fixed-term imprisonment or criminal detention.

#### Departments Under State Council Pledge To Improve

OW1111002792 Beijing Central People's Radio Network in Mandarin 2230 GMT 5 Nov 92

[From the "News and Press Review" program]

[Text] A number of departments directly under the jurisdiction of the State Council are determined to implement the guidelines of the 14th CPC National Congress in a concrete manner and have set new tasks and goals in light of actual conditions of respective departments.

The Ministry of Posts and Telecommunications has put forward the goal of accelerating the development of postal and telecommunications work and called for expanding the total number of telephones to 50 million and enabling 30-35 percent of households in Beijing, Shanghai, and Guangzhou to have telephones by the year 1995, and increasing the total number of telephones throughout the country to 100 million by the year 2000.

The State Bureau of Technology Supervision has proposed the goal of changing the concept of supervision and accelerating the formulation of rules and regulations to ensure quality. It pledged to reexamine the criteria for issuing production permits and to actively promote the system of authentication in line with international customs.

The China National Coal Mine Corporation pledged to implement the guidelines of the 14th CPC National

Congress and called for emancipating people's minds and concepts. The corporation has called on various coal mining enterprises to solve the problems of excessive number of workers, low efficiency, and heavy losses. It has also called for expanding exports of coal and other products through the multipurpose use of coal, reduction of surplus personnel, and vigorous development of diversified operations and tertiary industries.

The State Pharmaceutical Administration, after studying the guidelines of the 14th CPC National Congress, pledged to accelerate the development of pharmaceutical products and strive to achieve the goal of increasing the total value of pharmaceutical products 16-fold [fan si fan] by the year 2000.

The Ministry of Materials pledged to explore things in a bold manner and to quicken the study and solution of conspicuous problems in developing the markets of production means. In particular, it called for delegating more decision-making power to enterprises as quickly as possible.

#### Nation To Reform Academic Degree Administration

OW1211102892 Beijing XINHUA in English 0955 GMT 12 Nov 92

[Text] Beijing, November 12 (XINHUA)—China will speed up the reform and development of the work related to academic degrees, according to a conference of the academic degrees committee under the State Council which closed here Wednesday [11 November].

The committee also considered increasing the numbers of tutors of students for doctor's degree and authorizing more units to confer academic degrees.

The committee held that the present administration of academic degrees can not meet the demand of the ongoing reform and socialist construction.

China has made progress in post-graduate education in recent years. By 1991 some 248 units nationwide had been authorized to confer doctor's degree and 586 units had been authorized to confer master's degree.

A member of the committee said that among the over 600 specialties in which bodies are authorized to confer academic degrees and train post-graduate students, students can be trained in 75 percent of them for doctor's degree and in 95 percent for master's degree.

#### Article on Streamlining Administration, Part Two

HK1211030392 Beijing LIAOWANG in Chinese No 37, 14 Sep 92 pp 24-25

[Article by staff reporter Liu Jinghui (0491 2417 2037): "Why Does Institutional Reform Follow the Same Old Disastrous Road—Survey and Thoughts on Institutional Reform, Part Two"; Part One was published in the 23 October China DAILY REPORT, beginning on page 18]

[Text] Growth and streamlining are the two themes which appear alternately in the evolution of government organs following the birth of New China. In 1958 and 1970, China carried out two major efforts to streamline and readjust ever-expanding government organs, but the results were not good. Streamlining was followed by even greater expansion. After the introduction of reform and opening up, two major institutional reforms were again carried out in 1982 and 1988 in order to cure the drastically expanding structures, and while the results were better than those of the previous two undertakings, they have still failed to contain the tendency toward rapidly multiplying organizations and personnel.

Where does the problem lie?

#### **Mixed Results in Institutional Reform of 1980's**

The two institutional reforms carried out in the 1980's were designed to make state organs adapt to the needs of managing modern China, and they were launched at a time when the economy was growing at a sustained high rate, urban and rural economic structural reforms were going on, and a commodity economy was rapidly taking shape. While a sense of urgency existed then, the reforms were basically carried out steadily, yielding mixed results.

The so-called gains refer to the fact that the institutional reforms did not focus solely on streamlining, but combined it with strengthening. To satisfy the needs of developing a commodity economy, China bolstered the building of a banking system as well as industrial, commercial, and taxation organs, and created supervisory networks like auditing; to strengthen the use of means like democracy and the legal system in managing society, the building of people's congresses as well as of political and legal systems was reinforced, while popular opinion polls and social management system suitable for a modern society were set up in preliminary forms. Moreover, on the basis of past experiences, the institutional reform of 1988 seized on the crucial link of changing functions and found a path toward the establishment of a scientific administrative management system.

The so-called losses refer to the failure of the reform to touch on basics and to keep pace with economic structural reform and development. The institutional reform of 1982 was carried out in conjunction with the replacement of old cadres by new ones, and did not make an in-depth study of the scientific nature of structural set-ups. So the overall planning capability of administrative organs declined after the institutional reform, while the excessively meticulous and tight control of the organs remained unchanged. When the development of the economy required stronger overall planning and management, it was necessary to install additional organs and recruit more personnel, causing their numbers to balloon once more.

Because the institutional reform of the State Council in 1988 was implemented at a time when the power relationships between the central and local governments and between organs of the ruling party and those of the government had yet to be defined, even though it seized on the crucial changing of functions, it merely readjusted certain functions, but did not fundamentally resolve the problem of interlocking and overlapping functions; certain specialized economic departments were abolished in the institutional reform of the State Council and several big industrial companies set up, but these companies in effect amassed the functions of both government and enterprises, enjoying the basic rights and privileges of an enterprise as well as assuming certain government management functions. Consequently, another level of management structure came between government and enterprises, while their relationship was not rationalized. Concerned experts said: This institutional reform of the State Council dealt merely with one aspect, and as it did not touch the organs of the ruling party and other institutions at all, it appeared very much to be a transitional measure. Hence, it did not have a tremendous effect in checking structural and personnel expansion. By the end of 1988, the authorized size of the different ministries and commissions of the State Council was 41,000, and 9,000 persons were streamlined in the institutional reform of the State Council. Today, the actual number of personnel in the organs of the State Council is more than 47,000.

#### **Irrational Relationships, Serious Intervention From "Central Government"**

The institutional reforms of the 1980's failed to rationalize the relationships between party and government, government and enterprises, government and institutions, and others. Meanwhile, the power relationships between the central and local authorities was not cleared up. As the State Council carried out its institutional reform in one aspect, the structure and personnel of organs at all local levels grew dramatically. An important reason for this phenomenon was the intervention by various leading central departments in charge of operations in the structure of local organizations, or as is popularly known, intervention by the "central government" [tiao tiao 2742 2742]. According to a report by a certain province, last year alone, it received 18 documents from 14 central and State Council departments asking it to set up additional organs, upgrade organs, and expand the authorized size of its personnel.

A person in charge of a local personnel department told this reporter: Local governments generally do not dare reject intervention by the "central government." Because a certain province failed to accede to the demand by a certain central department to set up an office in charge of the development of the electronics industry, this province did not receive a single cent from this department's 100 million yuan in capital. It had no choice but to set up the office the following year. A certain central department issued a circular on the

launching of activities related to an urban health inspection contest. One of the circular's provisions stated: A patriotic health drive office which operates independently as a government organization gets one point, one which works in conjunction with other organizations and operates independently not as a government organization gets zero points, and one which allocates personnel needed for the undertaking gets three points. This type of stipulation causes local governments to set up additional independent offices equipped with definite administrative conditions and material facilities in order to score more points. What enormous price the state has to pay for three points in a health inspection contest! What is this if not formalism?

To carry out local institutional reform comprehensively, the state designated 16 medium-sized cities and a number of counties as experimental reform sites. However, most of the experimental sites left the attempt half-finished in 1987 and 1988 and "returned to the old ways." Concerned sources said: An unshirkable responsibility must be placed on intervention by the "central government." A person in charge of the economic commission of Maanshan City said: "After institutional reform was carried out in our city, some departments and bureaus were converted into 'sectoral offices.' People from the provincial departments and bureaus stopped coming, while meetings were no longer held here. Less capital and fewer projects were allocated. When people from the 'sectoral offices' went to the provincial authorities to ask for plans and projects, they were often given the cold shoulder."

According to the analysis of concerned sources, the reason for the serious intervention by the "central government" stems from the failure to define clearly the powers and authority of central and local governments. Our country is a monolithic state with power concentrated primarily in the central government. Even though a preliminary form of vertical power distribution has been established following ten years of economic structural reform, power remains highly centralized, with the various leading central departments in charge of operations continuing to hold fairly great powers related to the distribution of capital, materials, and technology. On one hand, under China's administrative structure marked by level-by-level management, the various central departments want to have absolute convergence and consistency from top to bottom insofar as structural set-up is concerned; on the other hand, under the current financial contractual system, local governments at all levels passively submit to intervention by the governing departments from the higher level in a bid to acquire more projects, investments, and materials, ignoring actual conditions in their localities. The combination of these two makes this kind of intervention very effective and led to the explosion of organizations and personnel.

### **Lack of Coordinated Reform**

The minimal result from the institutional reform of the 1980's is also closely related to the failure to carry out coordinated reforms.

Under our existing personnel system, the state organ is an important employer which has to settle nearly a million university graduates and demobilized soldiers each year alone. Consequently, the authorized size which should be cut down is routinely increased year after year. In 1990, the number of personnel outside the authorized size of a certain region was 740. To control the growth of authorized size, the region had ordered that all organs may only cut back on and not increase personnel, and in case of a really necessary increase, it should be at the expense of two dismissals. But in 1990, not a single person was removed from the organs of that region, and instead, 260 more were brought in. These new additional personnel were all university graduates and demobilized army cadres who were entitled to job assignments. A person in charge of that region said: With personnel coming in and none going out, this will naturally lead to a bloated organization; unless the personnel system is thoroughly reformed, efforts to streamline organizations will only be futile.

Closely related to the cadre and personnel system is the wage system. At present, China enforces a structural wage system where the wage increases of all cadres as well as all kinds of remunerations are dependent on a unitary post classification, a condition which causes "overcrowding" of cadres. However, the number of leading posts in any organ is restricted after the "three definitions" [san ding 0005 1353]. So in a bid to appease cadres and look after their interests, all efforts are made to create new organs or upgrade them. Following a survey conducted among its cadres, a certain city found out that section-level cadres who have not been promoted in the last 15 years made up 70 percent of all section-level cadres. An official from this city's organization department told this reporter: It is not that these cadres are incompetent, but there simply are no positions to promote them to. He also stressed: If this goes on, it will certainly dampen their enthusiasm. Another cadre from this city has coined a very descriptive doggerel: "If a cadre is to advance, the solution lies in additional or upgraded organs."

### **Departments in Charge of Organizational Structures Lack Authority**

Organizational management and personnel streamlining is the function of the departments in charge of organizational structure. However, these departments set up in the early 1980's still lack authority, even though their status has been enhanced in the course of the two institutional reforms.

The original State Commission on Structural Organization was set up within the State Council, but how can the State Council administer the restructuring of the CPC Central Committee, the National People's Congress, the



Central Military Commission, and the Chinese People's Political Consultative Conference? A central commission on organizational structure was set up in the second half of 1991, with Comrade Li Peng as the chairman and Comrade Song Ping as vice chairman. The status of the commission was also enhanced relatively, but only just. Its powers are not clearly defined, and the commission's office is still in the Ministry of Personnel. Furthermore, the departments lack the legal basis to administer the sizes of organs and personnel. Therefore, the organization may have changed its name, but its authority was not substantially boosted.

Although the commission on organizational structure of local governments is headed by the number one executive officer, the day-to-day business is run by the commission's offices; some of these offices are either set up in personnel or organizational departments and come under the leadership of the local party committees and governments. Sometimes, when the principal local party and government leaders allow the creation of additional organizations or expansion of authorized size, the departments in charge of organizational structure can hardly resist it. A few years ago, the deputy party secretary of a certain province asked the department of organizational structure to authorize an additional deputy division chief position in a division which already has six deputy chiefs. When the department refused to do so, it was promptly abolished on the orders of this leader. Even though the order was eventually overturned through the intervention of the concerned central department, it does show the lack of authority of these departments.

The same old mistakes repeated again and again in the institutional reforms of the 1980's are also related to the lack of serious legal guarantees in the restructuring of organs. The increase or decrease of organs does not require any legal procedures, thereby giving enormous flexibility to the efforts to install organs. As long as the leaders at the higher level give instructions or directives, no one will question whether an organ should or should not be installed. How can there not be bloated organizations and personnel?

The experience and lessons drawn from the institutional reforms of the 1980's tell us: If the past mistakes are not to be repeated in the institutional reform of the 1990's, it is necessary to switch from curing the symptoms to curing the root causes.

#### **Conference Studies Intellectual Property Rights**

*OW1211153092 Beijing XINHUA in English 1343  
GMT 12 Nov 92*

[Text] Guangzhou, November 12 (XINHUA)—China should strengthen its study on the protection of intellectual property rights.

This was put forward at the 1992 annual conference on intellectual property rights which was closed Wednesday [11 November] in Jiangmen, Guangdong Province.

Dozens of Chinese experts and scholars engaged in the study of intellectual property rights, including patents, trade marks, copyrights and judicature, attended the conference.

They pointed out that the protection of intellectual property rights is a new sphere in China and much work needs to be done, especially in the current period when China is developing a market economy and prepares to join the General Agreement on Tariffs and Trade.

Now China should strengthen the study of various aspects of protection of intellectual property rights, implement relevant laws and improve China's system of intellectual property rights in order to serve the developing socialist market mechanism.

They pointed out that intellectual property rights are the product of a commodity economy. The importance of these rights has been realized by governments at all levels and enterprises since China began its reform and opening to the outside world. China has promulgated laws on trade marks, patents and copyrights and established a basic legal framework for the protection of intellectual property rights. China has also participated in relevant international conventions on the protection of intellectual property rights.

#### **Enterprise Ideological-Political Seminar Opens**

*OW1111013892 Beijing XINHUA Domestic Service in  
Chinese 0814 GMT 10 Nov 92*

[By reporter Sun Jie (1327 2638)]

[Text] Beijing, 10 Nov (XINHUA)—A national seminar on enterprise ideological and political work opened in Beijing today. More than 100 party affairs workers of enterprises from across the country gathered at the seminar to discuss the situation that ideological and political work will face after enterprises become market oriented.

Some representatives pointed out at the seminar that large- and medium-sized enterprises, as pillars of the national economy, are the mainstay of economic construction and their ideological and political work should be aimed at ensuring the smooth fulfillment of the party's central tasks. Therefore, after enterprises become market oriented, their ideological and political work will increase and a great deal of both will need to be carried out. Some other representatives said: In the current new situation, ideological and political work itself also needs to be reformed—the work methods, work channels, and work carriers all need to be improved. Departments at a higher level also should give enterprises more autonomous power in conducting ideological and political work and should reduce some excess mandatory requirements. In his speech at the seminar, President Yuan Baohua of the China Association for Enterprise Management pointed out: Holding this seminar soon after the closing of the 14th CPC National Congress is very timely and

very necessary. After enterprises become market oriented, they will face more fierce competition; therefore, the main task of enterprises' ideological and political work should be to fully motivate workers, to increase enterprises' rallying power, and to enhance their competitiveness. Xu Weicheng, deputy director of the CPC Central Committee Propaganda Department, also spoke at the seminar.

The seminar is jointly held by the CPC Central Committee Propaganda Department, the All-China Federation of Trade Unions, and the China Society for the Study of Workers' Ideological and Political Work.

#### **Jiang Zemin Writes Name of Children's Journal**

OW1211172892 Beijing XINHUA Domestic Service in Chinese 0819 GMT 11 Nov 92

[By reporter Li Niangui (2621 1628 6311)]

[Excerpts] Beijing, 11 Nov (XINHUA)—“SHAONIAN DIAN SHIJI [YOUNGSTERS' ELECTRIC WORLD]” started publication in Beijing today. It is China's first periodical for children to learn about electricity. Comrade Jiang Zemin wrote the name of the journal. [passage omitted]

The honorary chairmen of the publishing committee of the journal are Zhou Peiyuan, a famous scientist; Zhou Jiannan, founder of China's electric appliance industry; He Guangyuan, minister of machine-building and electronics industry; and Bing Xin, a well-known writer. Zhu Guangya, chairman of the China Association for Science and Technology, attended an inauguration ceremony of the journal held here today.

#### **Tian Jiyun Unveils 'Anhui-Styled' Monument**

OW1311121792 Beijing XINHUA Domestic Service in Chinese 1445 GMT 12 Nov 92

[By reporters Wang Yan (3076 1693) and Kong Xiangying (1313 4382 6601)]

[Excerpt] A carved stone monument depicting rapids, whirlpools, and waves sets off a simple but gracious Anhui-styled building—the Standing Together Through Thick and Thin Memorial Kiosk. This is a gift donated by the 57 million people of Anhui as an expression of their gratitude to Beijing's residents and those Chinese people at home and abroad who contributed to relief and rescue work during the disasters.

An inauguration marking the completion of the monument and kiosk was held in Beijing's Taoranting Park at 0900 on 12 November. Tian Jiyun, vice premier of the State Council, unveiled the monument. Attending the ceremony were State Councilor Chen Junsheng and other responsible individuals from various relevant ministries and committees. [passage omitted]

## **Military**

### **Yang Baibing Reportedly in 'Minor Military Coup'**

HK1311030592 Hong Kong MING PAO in Chinese 13 Nov 92 p 8

["Newsletter From Beijing" by Wen Shih (2429 4258): "Yang Baibing Was Involved in an Abortive Minor Military Coup"]

[Text] Yang Baibing was suddenly removed from the military by Deng Xiaoping at the 14th party congress, and was completely deprived of his power in the military. The key reason was that he held a military meeting in private at Beijing's Jingxi Hotel before the party congress without notifying the top leadership of the Central Military Commission and the Political Bureau. At that meeting, he made arrangements for things "after Deng Xiaoping's death."

According to informed sources, the military meeting held by Yang Baibing in private has been regarded by the CPC Central Committee as an "abortive minor military coup."

In September, shortly before the 14th party congress, seeing that Deng Xiaoping was in poor health and that the party congress was drawing near, Yang Baibing decided to summon his trusted followers in the armed forces to "study" and "arrange" things after Deng Xiaoping's death. In late September, he secretly summoned military officers who had come to attend the party congress to the Jingxi Hotel. At that meeting, they analyzed the situation of the armed forces and the situation of the country, and worked out some emergency measures.

Reportedly, people from the Beijing Military Region formed the largest group among those attending the meeting, which was considered an "abortive minor military coup." Some senior officers of the armed police force were also involved.

It is said that Deng Xiaoping had long been told that Yang Baibing had ambitions for power, but Deng did not seriously consider this. Later, he also gradually became suspicious of Yang, but he did not have solid evidence. According to informed sources, Yang Baibing not only expressed firm support for reform and opening, but also "creatively" came up with the idea that the armed forces should "escort" reform and opening (in fact, "protect" Deng's line) to show his allegiance. Because the Yang brothers always stood with Deng Xiaoping around the time of the 4 June incident in 1989, Yang Baibing had the opportunity of promoting his trusted followers inside the armed forces. Also because of the 4 June incident, Deng Xiaoping was unwilling to tackle members of the Yang family.

Reportedly, shortly after Yang Baibing held the private military meeting to arrange emergency measures for

after Deng's death when he knew that Deng was in poor health, Deng Xiaoping became aware of this event. In fact, there was no serious problem with Deng's health. This was an embarrassment for Yang Baibing. Deng Xiaoping also found the evidence showing that Yang Baibing definitely had ambitions and was trying to seize greater power in the future. So he made the painful decision to "uproot" this man who was once trusted and promoted by him. However, to prevent a shock and to affirm the Yang brothers' contributions, this time Yang Baibing was still allowed to hold a "civilian" position in the Political Bureau.

According to sources, Yang Shangkun was unaware of the details of the "abortive minor military coup" organized by Yang Baibing, but the principle for his actions was basically the same as Yang Baibing's. Yang Shangkun's trusted followers in the military had basically changed to follow Yang Baibing.

At present, the CPC central leadership and the military hierarchy are still screening and handling the officers who attended Yang Baibing's "military meeting" in the Jingxi Hotel. In principle, the cases will be handled in a low key manner. Those who have reached or will soon reach retirement age will be required to retire; and others may be transferred to civilian posts or other military posts. Informed sources also said that many senior officials in Beijing were rather surprised at Yang Baibing's move, and also supported Deng Xiaoping's action against Yang and his military followers.

At present, officials and ordinary people in Beijing affirm that Deng Xiaoping made "three major contributions" at the 14th party congress: First, "removing all the old fellows" (referring to the disbandment of the Central Advisory Commission); second, "preventing the young fellows from entering the power structure" (referring to the fact that none of the members of the "prince party" was elected to the Central Committee); and third, "removing the Yang family and its followers from the core of power."

#### Daily Views Changes in Military Strategy

HK0911143392 Hong Kong MING PAO in Chinese 9  
Nov 92 p 8

[Text] At the recently concluded 14th CPC Congress, the greatest personnel changes may be said to have taken place in the Chinese military leadership, where Yang Shangkun and Yang Baibing both retired from the military circle, and General Secretary Jiang Zemin will serve concurrently as vice chairman of the Central Military Commission but in a largely symbolic position. In effect, China's military power is held by Liu Huaqing, vice chairman of the commission and member of the Political Bureau Standing Committee. This means that Deng Xiaoping has already handed military power over to Liu, and that Liu's promotion signified the rise of professional soldiers in the CPC as well as a dramatic surge in the status of national defense science and technology.

Even though Liu Huaqing was a member of the old Red Army, he studied at the Voloshinov Naval Academy in the Soviet Union and served for years in the commission for national defense science, technology, and industry (national defense science and industry commission) and in the Navy. Hence, his election should be welcomed by young, educated officers and soldiers and it should also be a great boost to China's technical arms services as well as departments in charge of research and development on sophisticated weapons. It is generally believed that the Chinese Army headed by Liu Huaqing will carry out fairly big changes in its military strategy and management guidelines.

Foreign assessments of Li's promotion are mostly from the perspective of the political struggles in China, neglecting the fact that, as a result of efforts for a better and more educated Chinese Army in recent years and the particularly strong impact of the Gulf war on the Chinese Army, calls for armaments and strategic modernization have grown increasingly louder among army officers. Given this background, the promotion of Liu Huaqing is quite reasonable.

In the past, the Chinese Army always followed Mao Zedong's theory of "people's war," which called for an entire nation in arms and adhered to a passive defensive strategy of "I will not strike if no one strikes me." But this kind of strategic thinking underwent a great transformation after Liu Huaqing became vice chairman of the military commission following the "4 June incident." His proposal to "build a quality Army" signified the definition of an "active defense" strategy for China. And in his statement about the Army's duty to defend the country in his report to the 14th party congress, Jiang Zemin also underlined for the first time the protection of sovereign rights over territorial waters and of its marine interests and rights.

Along with the development of modern science and technology and of the economy, claims on marine resources have become the focus of contention among various countries. And of the three arms and services of the Chinese Army, its Navy is the weakest. In the past, China had stressed an offshore defense strategy. Aside from submarines, it focused development on light missile boats, which thus limited the operational range of the Chinese Navy to within its 12-mile territorial sea.

After Liu Huaqing became commander of the Navy in the 1980's, rapid progress was made in building China's Navy. The first submarine-launched long-range nuclear missile and the first long-distance navigation to the Pacific and Indian Oceans were carried out in this period. In addition, China's first marine forces intended for combat landings was organized. For the first time, China's Navy also had a foothold in the Nansha [Spratlys] Islands.

Nevertheless, the Chinese Navy still has a long way to go to match its strength with the country's big-power status, as well as the strengths of the other arms and services. On



the Nansha Islands, the question of reinforcing the troops based on the islands has been a consistent headache. Without an aircraft carrier, the operational radius of the Navy's aircraft is restricted, and air cover for the naval fleets and island-based troops would be a problem in emergencies. In addition, in view of the growing disputes among China, Japan, and Korea on sovereign rights over the continental shelf of the oil-rich Yellow Sea, the sea could very well provide a battleground for future fighting. When he was Navy commander, Liu Huaqing strongly advocated that China should have an aircraft carrier. However, for various reasons, nothing came of this proposal. Today, with this "blue general" (the color of the Chinese Navy's uniform is blue) in charge of China's military, will China's leaders and officers pay more attention to the deep blue sea? This is a subject of keen attention.

### **Influence of Zhang Zhen, Military Academies Noted**

*HK1111074092 Hong Kong MING PAO in Chinese 9 Nov 92 p 8*

[Unattributed article: "Veteran General Zhang Zhen's Students Are All Over the Three Armed Services"]

[Text] Veteran General Zhang Zhen's resumption of military power signifies that the "cadets-turned officers" are rising into the mainstay of the military. For over 30 years, Zhang Zhen, as commandant of Nanjing Military Academy and, later, commandant of the National Defense University, has brought up most of the thousands of generals ranking at or above the level of Army or division commander. A large number of cadets-turned officers with specialties have replaced the "countrified soldiers" and entered leadership groups at various levels in the Liberation Army, which serves as a safeguard of the modernization and regularization of national defense.

Soon after the CPC came to power, over 100 military academies and schools were set up, which brought up well over 1 million officers. Because the "leftist" idea of "politics first" was dominating the military, the cadets-turned officers, just like the Stinky Ninth [chou lao jiu 5263 5071 0046, a derogatory collective term for intellectuals], were kept from important military positions. By the middle of the 1980's, the military power was still in the hands of over 20,000 "veterans" who had served in the Civil War. Most of them only received junior middle school or lower education.

After becoming chairman of the Central Military Commission again, Deng Xiaoping proposed that the Army be "oriented to modernization, to the world, and to the future" and that all officers must undergo formal military education before they can be promoted. At present, over 100 military academies and schools at various levels are training commanders at platoon, regiment, or army levels, while special and technical academies and

schools are training specialist officers and noncommissioned officers for various armed services. Beginning in 1980, 600,000 officers who graduated from military academies and schools have taken up leadership posts at various levels.

Though Mao Zedong admitted that "an uneducated army is a foolish army," almost all military academies and schools were eliminated in the Cultural Revolution initiated by him. After Liu Huaqing took charge of the Navy, he discarded the old traditional concept favoring "countrified" cadres and cold-shouldering "student officers" and elevated specialist officers by breaking the rules. The National Defense University, in the care of Zhang Zhen, has been paying even closer attention to the improvement of officers' qualities. In recent years, the structure of qualifications of military institutes' teaching staff has been significantly upgraded. Take for example "No. 1 Air Force Aviation School," which represents the average standard of the whole Army. In 1985, there was not a single teacher holding a doctor's or master's degree, but in 1990, over 10 percent of the teachers had doctor's or master's degrees. During this period, the percentage of university graduates increased from 40 to 60 and that of college [lower than university level in the educational hierarchy] graduates reached 30. Teachers with qualifications up to senior middle school, who used to take up 30 percent, were no longer found.

In recent years, the educational level of officers has been rising sharply: Almost 100 percent of officers at the army level, over 90 percent of division-level officers, and 80 percent of brigade- or regiment-level officers have college or higher qualifications. As far as the entire Army is concerned, only less than 5 percent of the officers hold junior middle school, or lower, qualifications. The upgrading of the officers' average educational level has laid a foundation for military modernization. Specialist and technical officers—i.e., those who do not lead troops into battle but are responsible for the research on, and improvement of, weapons and other equipment and for the technical safeguard of operations and training—now account for one third of all officers, though they accounted for only one fourth in the Cultural Revolution. (The ratios of specialist officers in the Soviet Union [as published] and the United States are 50-70 percent.)

In the wake of the 4 June incident, the cadets-turned officers were for a time kept in check. Half of the quotas in Army institutes for enrollment of students training as platoon leaders was taken by squad leaders and deputy squad leaders on active duty. Since their "political quality" was reliable, they were sent to the institutes without sitting for examinations in military and general knowledge subjects. As confirmed by Naval, Air Force, and other special service academies and schools, the graduates of nonmilitary universities and colleges who are directly enrolled in military institutions can be assigned to companies as leaders after a short training period. These "student officers" proved themselves in the wars on the Chinese-Vietnamese borders as capable commanders and scored remarkable feats.

The National Defense University, in the care of Zhang Zhen, has adopted an open, free style of teaching and encourages students to boldly break new paths. Liu Huaqing suggested removing the old, outdated content of courses in the Naval academies and supplying the knowledge related to modern wars and new science and technology. The old military heads are expecting General Liu and General Zhang to carry on with the revolutionization, while the "cadets-turned officers" will probably become successors in regularization and modernization.

### Army Paper Discusses Army's 'Fine Traditions'

#### Calls for Maintaining Traditions

HK1011153492 Beijing JIEFANGJUN BAO in Chinese  
30 Oct 92 p 1

[Editorial: "Carrying Forward the Fine Traditions and Retaining the True Qualities of the Old Red Army"]

[Text] In his report to the 14th CPC National Congress, Comrade Jiang Zemin pointed out: "The Chinese People's Liberation Army [PLA] is the strong pillar of the people's democratic dictatorship, a great wall of steel for the defense of the socialist motherland, and an important force in building socialism with Chinese characteristics." This is the sacred mission entrusted by the party and the people to our Army in the new historical period. In fulfilling the mission well and ensuring that our Army will be really up to the mark in any circumstances and worthy of the name of the people's own army, which works for the state's and the people's interests, one very important thing to do is to inherit and carry forward the fine traditions and work style of our Army and the true qualities of the old Red Army. History and reality have repeatedly proven this basic experience.

The PLA is a new-type people's army under the CPC's absolute leadership. In the last 60 years or so, in the revolutionary years of extreme hardships and difficulties and in the heroic struggle to build the motherland, the officers and men of the entire Army have performed brilliant feats and have formed fine traditions and work styles with its own characteristics by following the party's teachings under the guidance of Marxism-Leninism-Mao Zedong Thought. The fine traditions and work styles are the outcome of a combination of advanced proletarian ideas and the realities of the struggles of the people's Army, a magic weapon with which our Army vanquishes the enemy and is also the development of the outstanding ideas, culture, and moral traditions of the Chinese nation.

The Army's fine traditions have extremely rich contents. From some of Comrade Deng Xiaoping's expositions on Army building alone, we can summarize the fine traditions into 10 aspects at least. They are: 1) the Army must accept the party's absolute leadership, uphold the principle that "the party commands the gun and not the gun commands the party," and strive to make all troops

become models in implementing the party's line, principles, and policies; 2) erroneous tendencies endangering the Army's solidarity and unity should be firmly opposed and overcome to safeguard and boost its solidarity and unity; 3) strict organization and discipline must be enforced, emphasis placed on obeying orders in all actions, willingly observing revolutionary discipline, on taking the interests of the whole into account, and violations and laxity in discipline is prohibited; 4) a style of plain living and hard struggle should be encouraged; 5) a style of seeking truth from facts is advocated; 6) a style of upholding democracy and following the mass line is promoted; 7) importance should be attached to strengthen political education and the work of political organs; the principle of political organs managing cadres and of managing and using cadres impartially; particular attention is given to strengthening the political work among companies to continuously enhance the ideological and political consciousness of the broads ranks of cadres and soldiers; 8) importance should be attached to military training and never-ending efforts made to improve the fighting skills of the broad ranks of soldiers and cadres and their abilities to command and manage through diligent study and hard training; 9) stress should be put on selecting talented people and in selecting and using cadres, the standard and principle of having both political integrity and ability, appointing people on their merits, and of selecting and using cadres "from all corners of the country"; and 10) leading cadres and veteran comrades should take the lead in inheriting and carrying forward our Army's fine traditions and work style and should play a positive role in passing on experience and giving help and setting an example in doing so.

Why should particular stress be placed on inheriting and carrying forward the fine traditions and work style of our Army and retaining the old Red Army's true qualities in the new historical period? Above all else, the fine traditions and work style are the embodiment of our Army's purpose and nature and have always been an extremely important issue of our army building. People will not forget: the 10 years of internal disorder seriously damaged the party's and Army's fine traditions. Under Comrade Deng Xiaoping's personal leadership, big advances have been made in our Army building. Practice has proven that only when our Army's fine traditions and work style are inherited and carried forward and the old Red Army's true qualities are retained can the building of a modern, regular, and revolutionary army be forcefully carried forward.

The construction we are now undertaking and the great cause of socialism with Chinese characteristics we are safeguarding also require us to inherit and carry forward the fine traditions and work style. In the new historical condition of reform and opening up and the development of a commodity economy, decadent bourgeois ideas and lifestyles are bound to make inroads, and more often than not they mingle with the remnant feudal ideas left from history, thus forming a corrosive element,

which easily makes some weak-willed people commit one mistake or another because they cannot withstand trials and tribulations. Our Army does not live in a vacuum. Some social phenomena of this kind will inevitably be reflected in it. Under these circumstances, it is of immediate and great significance to stress inheriting and carry forward our Army's fine traditions and work style and retaining the old Red Army's true qualities.

It must be noticed that it is a matter of greater urgency to train and select young military cadres and ensure that our Army is always put under the party's absolute leadership. The veteran revolutionaries and comrades who took part in the revolutionary wars, experienced tempering and tests in the course of revolution and construction, and contributed to the formation of our Army's fine traditions and work style have retired one after another, and a large number of young cadres have successively taken up leadership posts. Comparatively speaking, these young comrades have scanty knowledge of our Army's fine traditions. This being the case, it is necessary for us to pay particular attention to education in the Army's fine traditions and work style so that they can be passed down generation after generation and preserved for a long time.

How can our Army's fine traditions and work style be inherited and carried forward? To put it briefly, in doing so, leaders at all levels should attach great importance, conduct education intensively, and cultivate habits to inherit and carry forward the fine traditions and work style in practice, and veteran comrades should pass on experiences and give help and set an example in so doing. Leading comrades at various levels should regard education in fine traditions and work style as an important task of our Army's political construction and drive to make itself more revolutionary and should devote unremitting efforts to achieve good results in education. It is necessary to conduct education in a lively and effective manner in light of the troops' actual conditions: how they work and what they think. It is also necessary to cultivate these habits in practical life so that the Army's fine traditions and work style can be inherited and carried forward through diligent study and hard training. Cadres at all levels should instruct each level by words and deeds. In particular, leading cadres must be fully aware of their own historical responsibility and must strive to set an example and be models in inheriting and carry forward the fine traditions and work style.

History is a long river whose waters flow endlessly at great speed. Inheriting the fine traditions and propagating the spirit of the times are identical. New practice needs to be nurtured by fine traditions. Only when fine traditions are integrated with new practice can they be enriched by the times. We should dialectically unify assuming legacies and creative work, make persistent and dauntless efforts to constantly develop the fine traditions in the new situation so that our Army will be worthy descendants of the old Red Army, and should never let the party and the people down. Under the leadership of the party Central Committee and the

Central Military Commission with Comrade Jiang Zemin as the core, let us inherit the great cause of our predecessors; propagate our glorious traditions; unite as one; do solid work in real earnest; and make fresh contributions in building socialism with Chinese characteristics and in making our Army more revolutionary, modern, and regular.

### Need To Obey Party Stressed

HK1311053092 Beijing JIEFANGJUN BAO in Chinese  
6 Nov 92 p 1

[Commentator's article: "The Army Should Obey the Party—Second Discussion on Carrying Forward the Fine Traditions and Retaining the True Qualities of the Old Red Army"]

[Text] Since the day of its founding, the People's Liberation Army (PLA) has been a new type of people's army under the CPC's leadership. The party is the founder and leader of our Army, and the Army is an armed group to carry out the party's political tasks. The Army's nature and purpose determines that our Army should obey the party and uphold its absolute leadership. This is the fundamental principle in building our army and the core issue of our Army's fine traditions. Hence, it should be steadfastly carried forward and upheld.

A review of our Army's history will help us deepen our recognition and understanding of this issue. In 1927, after drawing lessons from the failure of the First Revolutionary Civil War, our party led the Nanchang Uprising and founded its own Army. After that, the idea of "the party commanded the gun" was gradually established. During the well-known "Sanwan Reorganization," the principle of "organizing the party branch on a company basis" was creatively forwarded. The system of organizing the party group in every squad and platoon, organizing the party branch on a company basis, and establishing the party committee at the battalion and regimental levels was implemented. The resolution adopted by the Gutian Meeting in December 1929 made a systematic and profound exposition on the principle of upholding the party's absolute leadership over the Army. It also established a series of political, ideological, and organizational systems and measures to ensure this principle's implementation. The "Red Army General Political Department Order on Political Work for Smashing the Enemy's Fourth Encirclement and Suppression," issued in 1932, clearly pointed out that it is necessary to "strengthen the absolute leadership of the Communist Party—the vanguard of the proletariat—over the Red Army and lead the Red Army with the CPC's unified will." In the years of revolutionary wars, apart from fighting, our Army also shouldered many other important tasks, such as spreading propaganda among the masses, organizing and arming them, and helping them establish revolutionary regimes and communist party organizations. Even under such circumstances, our Army was steadfastly put under the party's absolute



leadership and conscientiously obeyed the party. Comrade Mao Zedong especially emphasized: "Our principle is that the party commands the gun and the gun must never be allowed to command the party. Because our Army has upheld the party's absolute leadership and always obeyed the party, it has developed from small to large and from weak to strong, continuously growing and achieving one victory after another. Historical experience shows that upholding the party's absolute leadership over the Army, which is an important part of Mao Zedong's military thinking, is a crystallization of the long-term revolutionary practice in China, a creation of our party, and a major characteristic and superiority of our party."

In the new historical period, obeying the party and upholding the party's absolute leadership remains an extremely important issue in army building. The opening words in the first article of the "Selected Works of Deng Xiaoping (1975-1982)" point out clearly at the very beginning: "Our Army has fine traditions. Comrade Mao Zedong laid down an excellent system and good style for our Army as early as the period of struggle in Jinggang Shan. In our Army, it is the party which commands the gun and not vice versa." This exposition constitutes an extremely important feature of Comrade Deng Xiaoping's thinking on Army building in the new period. As everyone knows, in the new historical period, the central task of our party is to lead and unite with the people of all nationalities throughout the country to uphold the four cardinal principles and carry out the policy of reform and opening up, with economic construction as the center to build China into a prosperous, democratic, and civilized modern socialist country through our own efforts and arduous struggle. The Army's modernization drive is a part of the state's construction of the four modernizations and its reform is also a part of our country's reform. Our Army is the strong pillar of the people's democratic dictatorship, the iron great wall for defense of the socialist motherland, and an important force in building socialism with Chinese characteristics. Under the new historical conditions, only when it obeys the party more conscientiously and upholds the party's absolute leadership can it successfully carry out the sacred missions of safeguarding the sovereignty and integrity of our national territory, territorial waters, and territorial airspace; safeguarding our maritime rights and interests; and safeguarding the unification and security of our motherland, can it conscientiously obey and serve the overall situation of our country's economic construction, actively support and participate in local reforms and opening up, and do its best to fulfill the party's central task. In his important talks during his southern tour early this year, Comrade Deng Xiaoping pointed out: We must educate our Army properly. We believe that to educate the Army properly, the primary and core issue lies in doing a good job in the education on upholding the party's absolute leadership over the Army, on theories of building socialism with Chinese characteristics, and on the party's basic line.

The Army should obey the party. This is a very high political requirement with rich connotations. What we should stress in particular at present is adherence to the guidance of Marxism-Leninism and Mao Zedong Thought and the theory on building socialism with Chinese characteristics; to resolutely implement the party's basic line and a series of policies and principles; and to arm the whole Army with Comrade Deng Xiaoping's thinking on Army building in the new period so that the comrades throughout the Army will become staunch defenders and model implementers of the party's line, policies, and principles. It is imperative to resolutely obey the command of the party Central Committee and the Central Military Commission with Comrade Jiang Zemin as the core. This is also the basic demand on every party member and cadre and the highest code of conduct for every comrade. At all times, the Army should resolutely follow the party and obey the orders of the party Central Committee, taking heed of its words. In the selection of people, it is necessary to select those who obey the party and who are capable. At no time should these traditions be discarded.

To uphold the party's absolute leadership over the Army, it is necessary to rely, first, on the system, and second, on discipline. Comrade Deng Xiaoping said that system is something of a fundamental nature. Over the past 50 and more years, our party has established a series of systems in practice to ensure that the party commands the gun. It has closely integrated the party's organizations with the Army's establishment systems and achieved inherent unity between party leaders, administrative leaders, and military commanders. In this respect, it is especially necessary to uphold the principles of democratic centralism and collective leadership. The democratic centralism system is a fundamental one for our party and state and the most convenient and reasonable system for us to uphold the party's absolute leadership over the Army. We must implement it under all circumstances. The party's political discipline and organizational discipline are the code of conduct for party organizations at all levels and all party members and an important guarantee for upholding the party's absolute leadership over the Army. Party organizations at all levels in the Army should strictly enforce and safeguard the party's discipline in which the individual submits to the organization, the minority submits to the majority, the lower levels submit to the higher levels, and the entire party submits to the party Central Committee. All party members and cadres, especially leading cadres, should conscientiously observe party discipline and keep themselves within the bounds of party discipline.

The Army's generals and soldiers should always keep firmly in mind that our Army is the great PLA and ranks under the leadership of the great CPC. We must look upon the party's will as our own and the people's interests as our own. Let us rally closely around the party Central Committee and the Central Military Commission with Comrade Jiang Zemin at the core and strive hard to build our Army into a strong, modern, and regular revolutionary Army!

### Army Unity Stressed

HK1311073092 Beijing JIEFANGJUN BAO in Chinese  
10 Nov 92 p 1

[Commentator's article: "Hold High the Banner of Unity—Third Discussion on Carrying Forward the Fine Traditions and Retaining the True Qualities of the Old Red Army"]

[Text] The successful conclusion of the 14th CPC National Congress has fully demonstrated the unity of the entire party, the Army, and the people of all nationalities throughout the country. Under this extraordinarily favorable situation, further safeguarding and strengthening the Army's unity and unification is the fundamental guarantee for intensifying the building of a modern and standardized revolutionary army and for fulfilling the sacred mission entrusted to our Army by the 14th National Congress.

Intensifying unity within and outside the Army includes the unity between officers and men; between the leadership and the masses; among friendly neighbors; among departments in the fields of military, politics, logistics, science, technology, and so on; as well as between the Army and government and the Army and the people. This is conditioned by our Army's nature and aim, which is the important source of the Army's cohesiveness, combat capability, and creativity, and also the foundation for victory. Our Army's historical experience for over 60 years has repeatedly proved: Whenever we achieved unity within and outside the Army, our ranks flourished and our revolution and construction cause developed vigorously; conversely, whenever the unity was damaged, our strength was weakened and our cause dampened. The 14th CPC National Congress report pointed out emphatically: "Unity is the life of the party. In the crucial period of expediting reform, opening up, and modernization, it is all the more necessary for comrades of the entire party to intensify unity on the foundation of the basic line." In the new historical period, in line with the principle of attaching importance to quality building and taking the road of building a crack army with Chinese characteristics, our Army is faced with many new conditions and our tasks are considerably arduous. To perform various Army duties properly in reform and construction, the most fundamental requirement is to hoist aloft the banner of unity; firmly safeguard the Army's unity and unification as we do our own eyes; and enable the practices of taking the interests of the whole into consideration, stressing unity, and observing discipline to become voluntary actions of every comrade.

Our unity is built on the foundation of Marxist principles rather than being unprincipled. For real unity, there must be common ideological, political, and organizational foundations. Our unity's ideological foundation is Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, which was systematically expounded in the 14th party congress report. This theory

is contemporary China's Marxism and only by taking this theory as the foundation, can the entire Army cherish a common ideal and faith and thoroughly intensify its unity and unification. Our unity's political foundation is the party's basic line of "one center, two basic points." It has correctly defined the orientation and objectives of our country's reform and construction in the initial stage of socialism. Only by taking this line as the foundation can the entire Army adopt a common stand and viewpoints, and march in step victoriously. Our unity's organizational foundation is the party's democratic centralism. Only if we base on this can we pool the collective wisdom and prevent and overcome disorganized and undisciplined actions so that party organizations at all levels in the entire Army will become powerful fighting bastions.

The crux of hoisting aloft the banner of unity lies in properly handling the unity in the leading bodies at all levels. This is the precondition and nucleus of achieving unity between and within various troops, as well as between and within various departments. If the leading bodies at all levels work together with one heart and one mind, they will certainly rally the Army's morale and exercise their excellent role demonstrating and promoting the strengthening of the unity within and outside the Army. To achieve unity in the leading bodies, it is necessary for the party committees at all levels to persistently practice the principles of democratic centralism and collective leadership, integrating centralism on the basis of democracy with democracy under centralized leadership, and fully displaying the initiative and creativity of every member of the leading bodies. In deciding important matters, collective wisdom must be relied upon and it will not do to have a situation whereby what one individual says, goes. Leading cadres must have the overall situation in mind and serve the public with heart and soul; they must be modest and prudent, and good at accepting the masses' views; they must also earnestly implement the principle of "all corners of the country," and adept in uniting and working with comrades from various quarters, especially those who have different views.

The leading cadres must trust, respect, support, and emulate each other; if there are different views, consensus should be sought on the basis of full consultations, discussions, and exchanges of information; and, what is more, stress should be laid on "understanding, support, and friendship." People say that "a fence is erected with three stakes and a hero is assisted by three people." An individual cannot accomplish anything without unity and assistance between comrades even if he is exceptionally competent. The reason that some of our leading bodies cannot achieve unity is because, instead of taking the overall situation into consideration sufficiently, some comrades generally think more of their personal interests and fail to place the relationship between individual and collective in an appropriate position. The vigilance of leading cadres should be aroused on this issue. Members of leading bodies must work with one

heart and one mind no matter which regions, troops, and units they came from. In judging and examining the work of leading bodies in future, we must see, above all, whether or not they possess unity.

To hoist aloft the banner of unity, all comrades in the Army must have a high degree of consciousness. They must value the general interest and unity above everything else. What they say and do must be conducive to achieving unity. Our cadres and soldiers hail from all corners of the country and have joined together for the common objective of intensifying the army building and the actual strength of national defense. Cadres should show concern for every soldier and soldiers should show respect for cadres. They must care for, love, and help each other so that they are unified as one. This way, what difficulty cannot we overcome? And what duty cannot we fulfill? We must vigorously develop the glorious tradition of supporting the government and cherishing the people and further strengthen the unity between the Army and government and between the Army and the people. Comrades in the Army must set strict demands on themselves and consciously exercise their guiding role on this issue.

Solidarity is strength and solidarity is victory. Let us closely rally around the party's Central Committee and the Central Military Commission, with Comrade Jiang Zemin at the core, unite as one, and march in step and with giant strides toward our magnificent goal.

#### **Correction to Zhejiang District Studies Congress** *OW1011021092*

The following correction pertains to the item headlined "Zhejiang Military District Studies Congress" published in the Military section of the 9 November China DAILY REPORT on page 37:

column two, antepenultimate paragraph, first sentence, make read: [Excerpts] The party committee of the provincial military district held an expanded meeting yesterday morning...(rewording)

same column, next paragraph, make read: Yang Shijie, commander of the provincial military district, presided over the meeting. Delegate Xu Yongqing, who is...(adding omitted sentence)

### **Economic & Agricultural**

#### **Number of Foreign-Funded Enterprises Increases** *OW1211103592 Beijing XINHUA in English 0906* *GMT 12 Nov 92*

[Text] Beijing, November 12 (XINHUA)—The number of newly-registered foreign-funded enterprises in China reached 27,112 in the first three quarters of this year, with a total investment of 51 billion U.S. dollars, according to statistics from China's Administration of Industry and Commerce.

By the end of September, a total of 63,855 foreign-funded enterprises were in operation in China.

As far as distribution is concerned, the east China coast registered 22,471 foreign-funded enterprises in the first three quarters; the central region registered 3,405 enterprises; and the western region registered 1,236 enterprises.

The provinces of Guangdong, Jiangsu, Shandong and Fujian, with 6,531, 3,888, 2,329 and 1,790 new foreign-funded enterprises, are ranked first, second, third and fourth, respectively, in the number of such enterprises.

The newly-registered enterprises in the January-September period centered on industry, which accounted for 82.25 percent of the total.

Real estate became the "hot spot" of foreign investment this year. The newly-registered enterprises in the real estate, public service and consultation spheres in the first three quarters reached 2,206, a 3.9-fold increase over the whole of 1991.

The average amount of investment by each foreign-funded enterprise in the period was about 1.89 million U.S. dollars—an increase of 564,000 U.S. dollars over the whole year of 1991.

#### **Beijing To Enforce Control Over Transit Goods** *OW0911150792 Beijing XINHUA in English 1441* *GMT 9 Nov 92*

[Text] Beijing, November 9 (XINHUA)—China will put into force "The Rules of Supervision and Control Over Transit Goods" from December 1 this year.

The "rules", which has 21 articles, was enacted by the State General Administration of Customs according to the State Law on Customs.

It stipulated that transit goods must be put under the supervision and control of Chinese Customs once they enter Chinese territory. On no account should the transit goods be disassembled, drawn, delivered, mortgaged or transferred by anyone or any unit without permission from customs. Nor should the marks on the goods be changed.

Transport of goods from or to countries and regions on which China has imposed a trade embargo should be forbidden. The forbidden goods also include various kinds of arms, ammunition, explosives, narcotics, drugs and all the other contraband goods.

According to the rules, when the transit goods go through customs, the operators must declare faithfully to customs and send in the declaration forms of the transit goods and other shipping documents. When necessary, customs will check the goods.

The transit goods must be transported out of the country within 6 months from entry. Under special conditions and with customs approval, the time limit of the transit goods may be extended another 3 months.



The rules pointed out that after the entry and before the exit of the transit goods, they should be transported along the routes set by China's transport administrative departments or by customs.

If the goods need to be unloaded or stored on account of the change of transport means, they must be put into a warehouse or place approved by the customs and under its supervision.

Anyone who violates the rules will be penalized according to the State's Law on Customs and the customs' specific regulations on penalties.

#### **Association To Set Up Foreign Investors Center**

*OW1011143692 Beijing XINHUA in English 1221  
GMT 10 Nov 92*

[Text] Beijing, November 10 (XINHUA)—China is now preparing to set up a service center for Chinese and foreign investors.

The center will be a medium for Chinese and foreign investors by maintaining contact with foreign enterprises and groups as well as offering consultation for investors, according to Ma Yi, vice president of the China Association of Enterprises With Foreign Investment, here today.

The service center, which is attached to the association, will go through the application formalities entrusted by Chinese and foreign investors; also, the center will strengthen contacts with provincial and municipal investment service agencies in China, thus offering information for foreign investors.

The establishment of the center is a new step of the association aimed at improving investment service, Ma told a meeting of the board of directors of the association.

The association, which was founded five years ago, now has over 15,000 enterprises as its members, compared with several hundred in its early period.

At present, all the provinces and municipalities on the Chinese mainland have established associations for foreign-invested enterprises. Experts say that these organizations have proved themselves a positive force in helping improve China's investment environment.

Today, over 500 people from foreign-invested enterprises in China and overseas investors gathered together along with Chinese officials to celebrate the fifth anniversary of the founding of the association.

#### **Overseas Firms To Help Develop Ocean Oil Fields**

*OW1111125992 Beijing XINHUA in English 1201  
GMT 11 Nov 92*

[Text] Beijing, November 11 (XINHUA)—An agreement between a Chinese and three overseas companies on jointly developing two oilfields in the South China Sea was signed here today.

According to the agreement between the China National Offshore Oil Corporation (CNOOC) and Agip (Overseas) Ltd. of Italy, Chevron Overseas Petroleum Ltd. of the United States and Texaco China B.V., CNOOC's investment will account for 51 percent of the total investment of 280 million U.S. dollars, and the three overseas companies will share 49 percent.

The agreement stipulates plans to put the two oilfields into production by the end of 1995 and expectations for a peak yearly production output of 1.5 million tons (about 12 million bbl [barrels]).

The two oilfields, Huizhou 32-2 and Huizhou 32-3 located 190 km southeast of Hong Kong in the South China Sea, are 5.5 km away from each other and 4.5 km away from the Huizhou 26-1 and Huizhou 21-1 oilfields under production.

A CNOOC official said the location will enable the two new oilfields to use some of the existing facilities of the Huizhou 26-1 and Huizhou 21-1 oilfields and save time and investment.

The official said the crude oil produced from thick oil-bearing strata in the new fields, which were discovered by the operating group of the three overseas companies and Nanhai Eastern Petroleum Corporation, CNOOC, is of good quality.

Both the Chinese and overseas investors said the 16/08 contracted area where the new oilfields are located is expected to be a long-term oil producer with stable production.

China has exceeded its offshore oil output target 77 days ahead of schedule this year, said the CNOOC official.

#### **Farm Seed Base Planned Near Vietnam Border**

*HK1211034292 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 4 Nov 92*

[Text] To further expand international economic exchange in agriculture and promote trade activities on the China-Vietnam border, the Ministry of Agriculture and the State Agriculture Investment Corporation recently decided to make a joint investment of 2 million yuan in the establishment of the (Zhonggui) border trade crop seeds base in this region, bringing the fine crop varieties of our country, including those from Guangxi, directly into the border trade market.

According to the plan, a 3,000-mu seed cultivation base will be set up in the national border area on Guangxi's territory; a fund will be raised for building seed storehouses, sales outlets, and other relevant facilities in Pingxiang, (Dongjing), and Nanning, occupying a total area of 4,950 square meters. After the project is completed and goes into operation, it is estimated that 1 million kg of fine varieties of rice and corn can be produced each year, and will go straight into the border trade market. Economic payoff and social benefits will be significant.

At present, the regional seed-supplying company and other units charged with the preparations for this project are making energetic efforts to mobilize resources to this end.

**'Preliminary Analysis' of Rapid Economic Growth**

HK1211040892 Beijing ZHONGGUO JINGJI TIZHI  
GAIGE in Chinese No 10, 23 Oct 92 pp 19-21

[Article by Qiu Xiaohua (6726 2556 5478) of the State Statistical Bureau Comprehensive Research Section: "High Economic Growth Is Both Gratifying and Worrying—Preliminary Analysis of China's Economic Situation in 1992"]

[Text] The year 1992 saw a turn in China's economy. With the spring breeze created by Comrade Deng Xiaoping's south China trip sweeping across the country, and the conclusion of the economic improvement and rectification campaign, China's reform and opening up is clearly gaining speed, the economy is entering a stage characterized by rapid development, and all fields are growing with great vigor. How should we assess this situation? Is there any hidden danger of overheated economic growth? Will the high economic growth rate last? All these have become issues of public concern.

**Economic Operation Is Following a High-Speed Course and the Development Momentum Is Positive by Nature**

The economic operation this year shows various links of social reproduction are growing at a high rate. It is estimated that there will not be a great change in this trend until the end of this year. In the first half of this year, the GNP arrived at 1,004.2 billion yuan, up 12 percent over the same period last year in terms of comparable prices. The estimated growth rate for 1992 is higher than 10 percent, making China the only country in the world achieving double digit economic growth.

Main features of economic operation for 1992 are as follows:

- There was a rapid increase in fixed assets investment, promoting rapid growth in industrial production. From January to August, the total investment in fixed assets hit 200.2 billion yuan, up 36.4 percent over the same period last year. It is estimated that the total social investment for 1992 will grow by 30 percent over last year. Spurred by increased investment, industrial production at the township level and above in the January-August period grew by 19.2 percent over the same period last year. If industrial production below the township level is included, the growth rate for 1992 will possibly exceed 20 percent.
- The agricultural production situation was stable, internal restructuring has been instituted, and market regulation is playing an increasingly important role. China's 1992 gross output of summer crops hit 103.2 billion kg, despite serious natural disasters including drought, up 4.8 percent over last year. The output of

early rice was 46.4 billion jin, increasing 0.4 percent, of which the proportion of quality varieties increased markedly. It is estimated that 1992 will be a fairly good harvest year. Though cotton, oil-bearing crops, and sugar-yielding crops registered a drop in production, their production still remained at a fairly high level. Aquatic production and animal husbandry continued to grow, improving the supply of food. It is estimated that the 1992 agricultural production will be 3.5 percent higher than last year.

- Opening to the outside world has proceeded in depth and range and China's economic contacts with foreign countries have been greatly stimulated. As the coastal area opened up wider to the outside world, areas along the Chang Jiang, border areas, and provincial capitals made a breakthrough in opening up to the outside world, foreign capital was utilized in more fields, foreign trade remained brisk, and tourism boomed. In the January-August period this year, the total volume of China's foreign trade amounted to \$96.5 billion, up 19 percent over the same period last year. Total export value was \$50.6 billion, increasing by 17.2 percent, while total import value was \$45.9 billion, growing by 21.9 percent. It is estimated that China's 1992 total volume of foreign trade will exceed \$160 billion, up 18 percent over last year. There was also a robust growth in the use of foreign capital and the total amount for 1992 will hopefully hit \$17 billion, up 50 percent over last year. All this shows that China has established closer economic relations with the rest of the world.

- Domestic markets witnessed a stable growth in sales, and the growth rate of retail prices will possibly be contained within the planned range. In the January-August period, the total volume of retail sales was 694.4 billion yuan, up 14.3 percent over the same period last year. There was a keen competition in the market. It is estimated that the 1992 total volume of retail sales will top 1 trillion yuan, up 14.5 percent over last year, about 8 percent in real terms. Because there was ample supply in the market and the people's living standard was improving from just having enough food and clothing to leading a relatively comfortable life, the consumer mentality was fairly stable. Though the state allowed prices to play a bigger regulatory role, the growth in the general index of national retail prices remained moderate. The index for the January-August period this year was up 4.8 percent over the same period last year, and the year's growth rate will be lower than the planned 6 percent.

- Enterprises have effected an upturn in their economic efficiency, ending the declining trend. In the January-August period, the index of composite economic results of industrial enterprises with independent accounting at township level and above reached 86 percent, expanding 5 percent over the same period last year. The realized profits and taxes of state-owned industrial enterprises covered by the budget was 197.3 billion yuan, up 18.9 percent over the same period last year, of which 28.2 percent was attributable to

increased realized profits. There was a decrease in the number of loss-running enterprises. The production-marketing ratio, productivity, ratio of capital to profits and taxes, and speed of circulation were on an upturn.

—The people's living standards continued to improve, the people enhanced their awareness of finance and investment, and there was a considerable change in the direction money flowed. It is estimated that the 1992 living expenditure income of people in urban areas will increase 7 percent in real terms over last year, and that peasants' per-capita net income will increase 4 percent. Urban residents spent more money on purchasing bonds and share certificates as well as on cultural services. This indicates that urban residents' commodity consumption is becoming stable.

#### **Existing High Economic Growth Rate Is an Objective Inevitability**

The high economic growth in 1992 was mainly attributable to improvement in the tangible and intangible economic environments.

As far as the intangible environment was concerned, first, the conclusion of the economic improvement and rectification campaign created conditions for bringing out latent potentialities in economic growth; second, the law governing historical development showed the second year of any five-year plan was followed by a fairly high growth year; and third, the publication of the important speeches Comrade Deng Xiaoping made during his south China trip greatly stimulated people in all walks of life, thus expediting reform and opening and injecting great vitality into economic activities.

As far as the tangible environment was concerned, first, bumper harvests over the last few years laid a foundation for large economic growth. Since 1989, China has experienced a fairly good agricultural production situation and there have been bumper harvests in the production of agricultural and sideline products. As a result, China had a large stock of farm produce and sideline products. Second, as China has enjoyed a favorable foreign trade balance for the last few years, it had a considerable reserve of foreign exchange and was in a better position to import many foreign goods. This created favorable conditions for fully exploiting the two markets and two resources to develop the domestic economy. In 1990, China's favorable foreign trade balance was \$8.75 billion, and in 1991, \$8.12 billion. By late March 1992, China's foreign exchange reserve had amounted to \$43.5 billion, of which \$23.9 billion was in cash, providing more room for its economic development. Third, savings deposits increased by a big margin, providing funds necessary for rapid economic growth. Money deposited by the people nationwide in the 1989-91 period totaled 530.9 billion yuan, and by the enterprises 208.2 billion. The national savings ratio was 35 percent. Fourth, the reserve of principal consumer goods and investment materials [tou zhi pin 2121 6327 0756] kept rising, or

was kept at a fairly high level, providing a material guarantee for rapid economic growth. For several years before, due to a relatively sluggish market and a reduced scope of investment, the social reserve accumulated in this period was 480 billion yuan, big enough to sustain some rapid economic growth.

In terms of the economic development phases, the current rapid economic growth followed the relatively slow economic growth in the last three years, so it represented economic restoration in a sense. In the 1989-91 period, China's annual average economic growth rate was 5.4 percent, much lower than the 11.5 percent for the 1984-1988 period, objectively creating a low base for current rapid economic growth.

Taken together, the rapid economic growth in 1992 accords with the objective law. There was nothing abnormal. The situation is good and will help us to attain our objective of elevating our economy to a new level every few years. We cannot say the current economy is overheated.

#### **Rapid Economic Growth Also Gave Rise to Some Phenomena Which Merit Attention**

While fully reaffirming that the current economic operation is basically normal, we should be soberly aware of a number of contradictions and problems present in our economic activities. They mainly are:

1. Many construction projects were launched, the scale of construction was overextended, many loans were granted, and a large amount of currency was put into circulation, thus disrupting the balance between total supply and demand. In addition, the price of capital goods rose sharply and the easy relations between total supply and demand became strained in certain respects. It is estimated that the 1992 difference between bigger total demand and smaller total supply will be 2 percent higher than the normal level.

2. The structural contradiction became more conspicuous. On the one hand, the consumer demand-restraining contradiction [xiao fei xu qiu yue shu mao dun 3194 6316 7194 3061 4766 2631 4243 4163] characterized by incompatibility of production of consumer goods with the absorption of market remained unsolved, while factories kept producing unsalable goods, swelling the stockpiles and making the contradiction between production and marketing fairly conspicuous. On the other, the resources-restraining contradiction characterized by a sharp increase in prices of important capital goods due to short supply, and a widened gap in railway transport [tie lu yun shu que kou la da 6993 6424 6663 6551 4972 0656 2139 1129] became conspicuous again, and the stock of important materials has dropped to a lower level than previous years.

3. Transforming the enterprise operational mechanism was not consistent with changing government functions, which constituted a contradiction more conspicuous than others, and the improvement of macrocontrol was



held up, which has become more and more clear. As a result, some symptoms of unhealthy tendencies emerged which were to jeopardize the economic order, all types of "crazes" were not given necessary guidance, and the market order remained unhealthy. All this prevented formation of a unified market and restrained the normal and rational flow of essential factors of production and their optimum realignment.

Outwardly, the problems mentioned above resulted from rapid economic growth, but in essence, they reflected the irrationality of the existing economic system and operational mechanism. Since the economic system and operational mechanism failed to meet the requirements of building socialism and a market economy, we must carry on the reform with greater vigor and really build up a system of allocation of resources in line with market needs, and a mechanism under which the actor of economic behavior is held responsible for production, investment, and risks so as to lay a foundation for healthier economic development.

#### **Sustained Rapid Economic Growth Depends on Rationalization of the Economic Structure and Improvement of Economic Efficiency**

The present economic development shows that different macroeconomic regulation policies will entail different consequences. If we allow the economy to grow without restraint, structural rationalization will proceed slowly. Under the circumstances, the economy may continue to grow rapidly, but the resultant inflated credit and investment and fortified short-term restraint [duan xian yue shu di qiang hua 4252 4848 4766 2631 4104 1730 0553] will lead to an imbalance between total supply and demand, structural imbalance, and the resurgence of inflation, making a major readjustment unavoidable. So the correct approach would be: Coordinate activities in various fields while increasing production, step up economic restructuring, rationalize the economic operational mechanism, optimize the economic structure, strive to elevate the economy to a new level, and create conditions for healthier and speedier economic development.

To ensure we will follow a correct path, we must make a success of three jobs.

First, we must appropriately curb social demand, especially the scale of investment and credit, so that the demand-supply differential rate [gong qiu cha lu 0180 3061 1567 3764] will not exceed the normal range of 5 percent, the price fluctuation will be acceptable, and the social and economic environment will remain basically stable.

Second, we must stimulate structural readjustment and lift the economy to a new level in a better and quicker way. We must concentrate on weak links such as communications and transportation and water conservancy works to ease the restraining bottleneck contradiction [ping jing zhi yue mao dun 3910 7338 0455 4766 4243 4163] brought about by rapid economic growth. Efforts

should be made to step up technological transformation in enterprises in accordance with the situation of production and marketing to increase enterprises' strength for further development. On the other hand, we should expedite reform in the property right system, adopt and improve various mutually supportive measures, encourage intertrade, interregional, and interdepartmental mergers, carry out experiments with the shareholding system at a quicker pace, boldly introduce and pursue the bankruptcy mechanism, and promote rational flow and optimum composition of essential inventory factors [cun liang yao su 1317 6852 6008 4790].

Third, we must vigorously and prudently carry out various reforms to remove structural obstacles to healthy and coordinated economic development. It is necessary to truly observe various regulations on transforming the enterprise operational mechanism and return the autonomy over production and operation to enterprises. We should focus on the following three aspects. 1. Change government functions through reducing the size, bringing harmony of government operations, and improving efficiency, reduce direct interference, and further improve indirect regulation and control. 2. Vigorously nurture a national unified market, build up a normal circulation order, and make great efforts to solve problems resulting from barriers between different departments and different regions and from regional barriers of commerce. 3. Deepen the reforms of labor, personnel, and distribution systems in enterprises; gradually smash various "iron bowls"; and nurture an enterprise mechanism which meets the demands of market regulation. In the meantime, we should press ahead with the price reform and put, as soon as possible, an end to the confrontation between the "double track" prices of essential capital goods.

#### **Total Imports, Exports Rise 19.7 Percent Jan-Oct** *OW1011143592 Beijing XINHUA in English 1338* *GMT 10 Nov 92*

[Text] Beijing, November 10 (XINHUA)—China's total amount of imports and exports in the January-October period reached 124.8 billion U.S. dollars, an increase of 19.7 percent over the same period of last year, according to statistics from the state's General Administration of Customs.

An official with the administration said, China's trade situation of imports and exports is promising this year. By October, the amount of imports and exports reached over 59.6 billion and 65.1 billion U.S. dollars respectively.

In October alone, the total amount of imports and exports exceeded 14.8 billion U.S. dollars, registering an increase of 28.7 percent over the corresponding period of last year. October's exports accounted for 7.69 billion U.S. dollars and imports, 7.14 billion U.S. dollars, representing increases of 23.3 percent and 35 percent respectively over the same 1991 period.

The border trade has also developed quickly, according to the official. In October, the amount of imports and exports in border trade reached 200 million U.S. dollars, a two-fold increase over the same period of last year.

### Imports of Key Raw Materials To Increase

HK1311015492 Beijing CHINA DAILY in English 13 Nov 92 p 1

[By staff reporter Gao Jin'an: "China Will Buy More Key Raw Materials"]

[Text] China plans to increase imports of key raw materials next year to meet an increasing demand on the domestic market, as government sources expect the economy to keep growing at an annual rate of 8 to 9 percent until the turn of the century.

Rapid developments in both industrial production and capital construction nationwide since early this year have resulted in a growing shortage and higher prices of key metals and building materials on the domestic market, said officials of the Ministry of Materials and Equipment, China's principal supplier and distributor of industrial materials.

The ministry's initial forecast for next year has put steel, non-ferrous metals and timber on the short-supply list.

The report says the national demand for steel next year will increase by 9 percent over this year, outstripping the expected increase in production during the same period. This shortage cannot be filled with available inventory, which has already seen a marked decrease in recent months, officials said.

The steel shortage will have to be solved through increasing imports next year. Prices are also expected to rise, but at a slower rate than this year, the ministry's forecast predicts.

The ministry says the gap between supply and demand of copper, aluminium and timber will also need to be filled with more imports next year.

The timber demand next year will increase at a rate of about 7 percent, so more imports would be required. Declining timber resources in the world will fuel the price hikes.

Domestic demand for cement will rise at a pace of 17 percent next year. And while domestic output can basically meet demand, limited transportation capacity might cause supply problems in some areas, the forecast said.

The ministry forecast also predicted a larger market demand for machine products. It says heavy-duty trucks, tractors and cars are expected to sell extremely well in China next year.

The ministry and its local branches distributed materials worth 327.5 billion yuan (about \$59.5 billion) in the first

nine months of this year, marking an increase of 45 percent over the same period last year.

In the first three quarters of this year, the nation's market demand for 16 kinds of key raw materials greatly exceeded supply—especially in steel, copper, aluminium and cement.

Between January and September, the demand for the 16 kinds of materials increased by 16.4 percent, but the production of the materials increased by only 12.1 percent in the same period, causing prices to rise considerably.

### Imports of Textile Technology, Equipment Rise

OW1311044092 Beijing XINHUA in English 0309 GMT 13 Nov 92

[Text] Beijing, November 13 (XINHUA)—China's textile industry has imported more advanced technologies and equipment to speed up its technical upgrading program.

It is expected that the industry's import of equipment may exceed 1.8 billion U.S. dollars-worth this year, according to official sources.

As a big textiles producer, China has nearly 40 million spindles, with only 10 percent reaching the world advanced level and the majority made in the 1960s. The country's over 900,000 looms are mostly obsolete shuttle ones.

In the past ten years the Chinese Government has attached great importance to the technical upgrading of the textile industry. It has imported 112,000 items of advanced equipment from other countries, at a cost of over 5.3 billion U.S. dollars, and developed some 50 new types of textile equipment by means of co-operative production with other countries.

China spent one billion U.S. dollars importing textile equipment last year, and the same amount on similar import in the first six months of this year.

China now has over 3,000 foreign-funded textile firms, with foreign funds totalling 3.5 billion U.S. dollars.

There are over 800 loom-manufacturing plants with a total annual production value of 8 billion yuan (about 1.6 billion U.S. dollars). They made export volume of 100 million U.S. dollars last year.

China is planning to hold its third international textile machinery show, according to departments concerned. Some 147 firms will take part in the show.

### Corporation To Issue New State Investment Bonds

OW1311043392 Beijing XINHUA in English 0301 GMT 13 Nov 92

[Text] Beijing, November 13 (XINHUA)—With the approval of the State Planning Commission and the

People's Bank of China, a total of 2.06 billion yuan (about 410 million U.S. dollars)-worth of state investment bonds will be issued at the end of this month.

These bonds are the second group to be issued to beef up China's power industry and the third group of state investment bonds to support construction of state key projects.

The term of the bonds is three years and the interest rate is 10 percent annually.

The China Rural Development Trust and Investment Corporation is in charge of the issue.

#### **State To Issue Bonds for Construction Projects**

*OW1111103692 Beijing XINHUA in English 1003  
GMT 11 Nov 92*

[Text] Beijing, November 11 (XINHUA)—China will issue two kinds of bonds worth 2.06 billion yuan across the country later this month to raise more funds for the construction of its major projects.

Both of them have a term for three years and both enjoy an annual interest rate of 10 percent. Such bonds can be transferred on markets.

According to officials with related departments, China Agribusiness Trust and Investment Corporation is authorized to undertake the issues of two kinds of bonds.

#### **Government To Open 10,000 Retail Sales Markets**

*OW0911143792 Beijing XINHUA in English 1425  
GMT 9 Nov 92*

[Text] Beijing, November 9 (XINHUA)—China plans to open more than 10,000 retail sales markets in 1993 as part of the nation's efforts to build up the market economy system, a high-ranking official said here today.

Lu Jiang, vice-minister of materials, said at a national conference on the service industry that the central government will earmark 1.5 billion yuan or 2 billion yuan for building 20 large wholesale markets in the next three years.

At first, he said, material, production departments and local governments will join hands to build wholesale markets and future markets of the national level in large cities.

Thus, China will continue to improve the Shanghai metal trading center by constructing a trading building and several warehouses. At the same time, it plans to build national steel wholesale markets in Tianjin and Shanghai as well as other places.

While perfecting timber markets in north China, China plans to build an import timber wholesale market in Nanjing. It will also build timber wholesale markets in central south China and southwest China.

In accordance with market demands, the vice-minister said, China plans to build several building material wholesale markets in northeast China, north China, northwest China and east China.

He said that China plans to open national coal markets in Shenyang, Shanghai and other cities.

He said that the state is making preparations for the construction of a rubber trading center in Guangzhou. It will quicken the pace of building chemical wholesale markets in Yantai, northeast China, north China and northwest China.

According to the ministry, China had 51,000 markets and trading centers for means of production in the country by 1991 with an annual purchase and sales volume of 322.9 billion yuan.

#### **'Spark Program' Completes 34,600 Projects**

*OW0811040992 Beijing XINHUA in English 0329  
GMT 8 Nov 92*

[Text] Xian, November 8 (XINHUA)—In the past six years more than 34,600 projects on the "Spark Program" have been completed by the state, provinces, prefectures and counties, and they have yielded a total of 45.9 billion yuan in terms of additional output value.

This was revealed by the "Spark Program" work office under the State Science and Technology Commission.

The Spark Program is a scientific and technological development program worked out by the commission. First put into practice in 1986, the program aims at providing local economies and small and medium-sized enterprises, village and township enterprises in particular, with widely applicable techniques.

The implementation of the Spark Program has not only promoted the development of rural industry and the rural science- and technology-backed commodity economy, but also set a good example for the development of a "high yield, high quality and high efficiency" direction for China's agriculture.

#### **Civil Aviation Regulations on Foreign Investment**

*OW1011135792 Beijing XINHUA in English 1217  
GMT 10 Nov 92*

[Text] Beijing, November 10 (XINHUA)—The Civil Aviation Administration of China (CAAC) will soon issue detailed regulations on the introduction of foreign capital for air carriers and airports as well as joint operation with foreign partners, said Jiang Zhuping, director general of CAAC.

Addressing today's opening ceremony of an international seminar on civil aviation management and operation, Jiang said CAAC is busy drafting such regulations. As soon as these regulations are approved and carried



out, air transport enterprises in China will have more opportunities to cooperate more closely with their foreign counterparts.

According to CAAC officials, China has not allowed air transport enterprises to absorb foreign investment for joint operation. But under the nationwide drive for further reform and opening to the outside world, China announced not long ago it will allow its airlines and air carriers to be jointly operated or to employ foreign managing staff to update management.

The director general said that the improvement of China's civil aviation needs to attract foreign investment and to study and absorb all good experience of other countries including advanced technology and scientific management.

Sponsored by the China Civil Aviation Association, the International Seminar on Civil Aviation Management and Operation has attracted participants from Australia, the United States, Thailand, South Korea and representatives from CAAC's major airline companies. During the upcoming four days, the representatives will explore ways to improve management and operation of the existing air transportation.

#### **CAAC Director Addresses Civil Aviation Seminar**

*OW1011132192 Beijing XINHUA in English 1115  
GMT 10 Nov 92*

[Text] Beijing, November 10 (XINHUA)—The overall traffic turnover of the Civil Aviation Administration of China (CAAC) has been increasing at 20 percent annually over the past five years owing to a series of reforms, said a senior official from CAAC today.

Addressing an international seminar on civil aviation management and operation here, Jiang Zhuping, CAAC director, said the reforms have been carried out since 1987 on the policy of "dividing the functions of administration and enterprise, separating airline from airport, transforming governmental function and changing the operational mechanism of enterprises."

Jiang said CAAC set up six major airlines in Beijing, Shanghai, Guangzhou, Shenyang, Xian and Chengdu respectively in 1987 as an important step to facilitate competition among CAAC's air carriers.

Meanwhile, airports have since become independent, open to all airlines and offering equal services. Flight operation centers have been established both in CAAC and in regional administrations and at airports to provide air traffic service so as to ensure a centralized, unified and highly efficient control of air traffic.

Under the new structure, CAAC is the administrative unit under the State Council to take charge of civil aviation affairs all around China, yet the administration no longer directly engages in air transport and services. Instead, CAAC only takes the responsibility of planning,

regulating, supervising, coordinating and serving the overall civil aviation in conformity with relevant laws.

Jiang said the new management system has brought about new changes and vitality. In 1991, the overall traffic turnover reached 3.2 billion ton-kilometers and is expected to hit 4.2 billion ton-kilometers this year, increasing by 28 percent over last year.

By now, the official said, China has established 452 air routes, among which 49 are international linking China with 46 cities in 33 countries. Altogether there are 100 airports all over China for civil aviation. Up to 18 local airlines have joined China's air transportation.

#### **Plastics, Rubber Machinery Group Established**

*OW1011062292 Beijing XINHUA in English 0504  
GMT 10 Nov 92*

[Text] Beijing, November 10 (XINHUA)—The China Shandong Plastics and Rubber Machinery Enterprise Group, the largest of its kind in the country, was set up Sunday.

The group consists of more than 210 enterprises, companies, banks and research institutes from nine provinces and municipalities including Beijing, Tianjin, Shanghai and Shandong Province, and a company from Malaysia.

With fixed assets of 60 million yuan, and mainly involved in the production, marketing and research of plastics and rubber machinery, the corporation is a large-scale trans-provincial, trans-industrial, inter-departmental enterprise group, centering on the Shandong plastics machinery plant, which is one of the key enterprises of the Ministry of Light Industry.

The total industrial output value of the corporation is expected to reach 200 million yuan and earn pre-tax revenues of 25 million yuan by 1993.

#### **Cement Plants To Supply Three Gorges Project**

*HK0811055192 Beijing CHINA DAILY (BUSINESS  
WEEKLY) in English 8 Nov 92 pp 1, 3*

[Article by Zhang Yuan: "Big Projects Need Materials"]

[Text] The State Administration of the Building Materials Industry is making great efforts to support the country's ambitious plans to construct the world's largest hydroelectric power station along the Yangtze River and to host the Olympic Games in the year 2000.

A senior official with the administration said that three cement plants will be built in Hubei and Sichuan provinces for the Three Gorges dam project, which is to have the capacity to generate 17.7 million kilowatts of electricity. Another cement plant is currently under construction designed to supply more high-grade cement to Beijing if it wins the rights to host the 2000 Olympic Games.

Many of the related dam projects in Hubei and Sichuan provinces, such as building materials, stone plates and non-metallic minerals processing, are in need of foreign investment, said Wang Yanmou, director of the administration.

Construction of the 185-metre-high dam and hydroelectric power station of the project is estimated to require 11 million tons of high-grade cement during 18-20 years it will take to be built.

In addition, the resettling of about 1.1 million people in the dam area will create a large market for building materials.

Already, the State has approved an expansion plan at an existing cement plant in Yichang, in Hubei Province, where the dam will be located. The plant already has an annual output capability of 500,000 tons of high-grade cement and was the major supplier of cement for the Gezhouba Hydroelectric Power Station, which is now the largest in China. Capacity is to be expanded to 600,000 tons.

Meanwhile, the State plans to set up a large cement plant in Zhicheng near Yichang as a back-up cement supplier for the Three Gorges dam.

The Zhicheng plant, with an annual capacity of 1.3 million tons of cement, is seeking foreign investment, Wang said.

Currently, the administration is contacting Denmark and France for possible government loans. Direct foreign investment in the cement project is also welcome, Wang said.

The third cement project, with an annual output capacity of 300,000 tons, will be located in Wanxian, Sichuan Province, and the cement will be used for constructing residential buildings and industrial projects for the resettlement of people now living in areas that will be flooded by the dam.

A survey showed that resources of building materials and non-metallic minerals are rich in that area. The administration plans to send experts to help local people develop those resources. Wang predicted that foreign investment in establishing plans to process stone plates and non-metallic minerals will be profitable.

Concerning the 2000 Olympic Games, Wang said the administration is making efforts to support having the games in the Chinese capital.

To improve its environmental and communications conditions, Beijing is currently investing money into constructing convenient transportation networks, including expanding its subway and building a road connecting downtown Beijing and the city's airport.

These projects have lifted Beijing's annual demand of high-grade cement to 2 to 3 million tons, leaving a gap of 600,000 to 700,000 tons yearly between demand and supply.

In response, construction of a large cement plant in Beijing's suburban Changping County has begun. The project, with an annual output ability of 600,000 tons, is expected to be completed by the end of 1994.

Wang also disclosed that China's move to build an export-oriented cement industry along its coastal areas and the lower and middle reaches of the Yangtze River has made substantial progress.

Nearly 10 large cement projects in those areas, all made possible through foreign investment, will increase annual output capacity to 12 million tons of high-grade cement by 1995. A great part of the cement will be for export.

Of those projects, the largest is located in Sishui, Shandong Province. Daewoo of South Korea will invest a total of \$260 million in the project, which is designed to produce 2.4 million tons of high-grade cement a year. The project is ROK's largest investment in China.

Other foreign-funded cement firms include a 1.3-million-ton project in Nanjing, Jiangsu Province, and a 900,000-ton project in Yantai, Shandong Province. They are both Sino-Japanese joint ventures.

#### **Circular Calls for Improving Water Conservancy**

*OW1011052092 Beijing XINHUA Domestic Service in Chinese 1432 GMT 9 Nov 92*

["Text" of "Circular on Further Improving Capital Construction of Water Conservancy Works During This Winter-Spring Period" issued by the State Council on 9 November]

[Text] Beijing, 9 Nov (XINHUA)—All provincial, autonomous regional, and municipal people's governments; and ministries, commissions, and organizations directly under the State Council:

With the annual winter-spring construction of water conservation works already under way, all localities have been organizing massive projects of building irrigation facilities on farmland. The following circular is especially issued to further implement the 14th CPC National Congress guidelines and seize the favorable opportunity to mobilize and organize the masses of people to exert the maximum effort in carrying out and doing an earnest job in the capital construction of water conservation works during this spring-winter period:

1. It is necessary to give priority to key water conservation projects. We should increase efforts nationwide to bring the Chang Jiang, Huang He, Huai He, Tai Hu, and other major rivers and lakes under control; and we should pay close attention to a number of key irrigation projects already under construction. All localities should

adopt practical and effective measures to harness small- and medium-length rivers and reinforce river and ocean dikes' capabilities to resist floods, tides, and storms. It is necessary to accelerate the transformation of low- and middle-yield farmland and the upgrading of large and medium irrigated districts, in a bid to expand the irrigated area and high- and medium-yield farmland. In hilly areas, efforts should be made to accelerate the improvement of small river valley regions, increasing their water and soil conservation, constructing basic irrigation facilities on farmland, and building small rural hydroelectric power plants. In areas with water shortages, it is necessary to increase construction of water supply works and to do everything possible to solve the problem of providing drinking water for people and livestock. In the course of construction, particular attention must be paid to reconstructing water-damaged projects and equipping existing works with auxiliary facilities.

2. It is necessary to attach importance to the actual results, improve the quality, strengthen the management, and lay equal emphasis on the construction and management of water conservation works. Irrigation departments in all localities should adequately prepare work in all fields, mapping out overall arrangements for materials and funds, strengthening technical guidance on construction, and ensuring the quality and pace of construction according to schedule. It is necessary to avoid overemphasis of the number of workers participating in construction and the amount of earthwork completed. Efforts should be made to actively popularize new technology, technical know-how, and materials; and to ensure that each completed project is managed effectively to utilize its benefits to the fullest extent. It is also necessary to cherish the people's manpower, pay close attention to fire and frost prevention, and ensure safety in construction. Where conditions permit, it is necessary to strongly advocate mechanized construction.

3. It is necessary to strengthen the organization and leadership over capital construction of water conservation works. Principal responsible comrades of people's governments in all localities should take a personal hand, while leading comrades assigned to the work should undertake specific responsibilities, map out well-conceived plans, and make painstaking efforts to carry out the plans. It is necessary to continue to raise funds and invest labor forces at different levels and through diverse channels in constructing all kinds of water conservation works. It is necessary to intensify the construction of water conservation and water and soil conservation service systems by establishing complete service organizations at the county and township levels. Planning, finance, banking, energy, commerce, petrochemical, materials, and other relevant departments should do everything they can to provide the necessary funds, materials, and power supplies. Water resources departments should offer good advice to the government by earnestly performing their functions of planning, coordinating, managing, supervising, and serving the construction of water conservation works. Mass media

should work in concert by publicizing key projects, thereby forming a powerful support of public opinion for a new upsurge in constructing water conservation works.

[Signed] State Council

[Dated] 9 November 1992

### Grain Ration Coupons Losing Original Function

OW1311043092 Beijing XINHUA in English 0243  
GMT 13 Nov 92

[Text] Beijing, November 13 (XINHUA)—Ration coupons for grain, which have been used for 39 years in China, may naturally finish their function in one to three years, after many other ration coupons have fallen out of use.

This is forecast by Wang Baoyi, an official in charge of grain ration coupon management with the Ministry of Commerce, according to the "FARMERS' DAILY".

Ration coupons for grain, also called China's "No. 1 coupon", were an outcome of a grain shortage and a planned economic structure. The coupons, with which consumers can buy grain at state-fixed low prices, did have a great function to ensure urban residents' subsistence and provide convenience to those who traveled in the country when grain was short in supply.

However, since the 1980s, China has had bumper harvests for several years running, enriching the state grain depots, while the supply of non-staple food has increased greatly. As a result, the function of grain ration coupons has diminished.

Meanwhile, with the grain price in urban markets unchanged for decades, the state had to give price subsidies for grain. In the 1979-1990 period, state expenses on such subsidies were as high as 213.8 billion yuan, according to "MARKET NEWS".

The paper said that by 1990, every kilogram of grain carried over 0.5 yuan worth of price subsidy. Thus, buying and selling of grain ration coupons have prevailed, with nearly 500 million kg of such coupons traded every year.

The state raised the grain selling prices in May 1991 and it raised both the grain purchase price and selling price starting April 1, 1992, thereby improving farmers' income from grain sales and lessening state subsidies as well as curbing grain coupon trading.

Some provinces and cities have taken bold steps in reforming the grain purchasing and marketing system. Guangdong Province took the lead in lifting controls on grain prices. The grain market is completely open and prices are regulated by market forces there, thereby bringing an end to grain rations.

Later Jiangxi and Zhejiang Provinces followed suit. Chongqing and Chengdu cities, both in leading grain producer Sichuan Province, allowed the prices of grain



and cooking oil to be regulated by market forces starting from November 1 this year.

The "MARKET NEWS" reported that 400 counties and cities in 16 provinces and regions nationwide are piloting similar reform of the grain purchasing and marketing system. In tandem with the reform, most of the areas have established county-level grain reserves and price risk funds in an attempt to maintain state macro control and regulation and prevent a big rise or fall of grain prices.

The acute competition on grain markets resulting from the grain price relaxation has also forced grain shops to increase the variety of the food they sell and offer new services such as delivery service.

The establishment of a number of grain wholesale markets at various levels has also helped speed up the deregulation of grain prices. The grain prices on the state-level Zhengzhou grain wholesale market in Henan Province, set up in October 1990, have become the reference standard for grain trading across the country.

Grain ration coupons will still exist in some areas of the country which have not lifted the control on grain prices. There the prices of rationed grain are lower than those of grain sold on free markets and grain coupons are still in use in canteens in factories and government organizations.

#### Provincial Congresses Approve Agriculture Laws

OW1111152992 Beijing XINHUA in English 1427  
GMT 11 Nov 92

[Text] Guangzhou, November 11 (XINHUA)—The people's congresses at the provincial level in China have examined and approved 180 laws and regulations on agriculture and ratified 76 decisions in the same field, according to a national meeting held in Zhuhai.

While strengthening legislation, the provincial or regional congresses have also supervised implementation of such national laws as the land administration law, forest law and water law and put forward suggestions on the arrangement of agricultural funds and supply farm capital goods.

During the three-day meeting which closed Tuesday [10 November], Chen Muhua, vice-chairman of the Standing Committee of the National People's Congress, and representatives from local people's congresses discussed how to improve agricultural legislation to meet the needs of a market economy.

The legislators considered that it is an urgent task at present to work out a series of decrees to stabilize and improve existing rural productive relations, develop the rural market economy, strengthen macro-economic regulation and promote development of rural productive forces.

They urged to give priority to the preparation of the Basic Agricultural Law, the State Agricultural Investment Law, the Farm Produce Trading Law, the Law on Dissemination of Agricultural Techniques and the Law on Peasants' Burdens.

#### Ministry Promotes Socialist Market Economy

OW0911023392 Beijing XINHUA Domestic Service in Chinese 1235 GMT 8 Nov 92

[By reporter Pu Liye (5543 4539 2814)]

[Text] Beijing, 7 Nov (XINHUA)—In light of the actual situation in rural economic reform and development, the Agriculture Ministry recently worked out a series of important measures for accelerating the construction of a socialist market economy in rural areas. The ministry called on cadres and workers at large in agricultural departments to further emancipate their minds, switch their concepts, do an earnest job in rural work of various fields, and actively promote the development, improvement, and progress of a rural market economy in the new era.

In an interview with reporters today, a responsible person of the ministry urged all localities to pay close attention to work in the following fields in line with the national demand for establishing a socialist market economy:

1. It is necessary to change management functions. Agricultural departments should make determined efforts to change work functions and methods, which were developed and practiced over a long time, bringing about a change from the previous direct planned management to overall guidance and market regulation and control, and from handling the production of farm products alone to integrating the production, circulation, and processing as quickly as possible. To effect the change in management functions, it is necessary to: 1) set up a rural economic management system in keeping with the demand for a socialist market economy; and 2) to improve and strengthen planning in agriculture. Focus should be shifted from growth rate, production targets, examination and approval of projects, and investment allocation to market supply and demand trends versus overall regulation and control, clearly defined development goals and industrial policies, and comprehensive application of economic levers for strengthening macro-economic guidance and regulation and control. 3) It is necessary to improve nationwide agricultural information networks for providing better information services. 4) It is necessary to properly adjust the direction of spending agricultural construction funds, ensuring that funds will be used for constructing production bases for various farm products and infrastructure, as well as farm product markets and circulation outlets.

2. Reform of the pricing and circulation systems of farm products should be quickened. It is necessary to take the good opportunity of the relatively plentiful supply of

farm products resulting from bumper agricultural harvests in recent years in further opening farm product markets and encouraging and supporting peasants to enter markets and participate in circulation.

3. It is necessary to strengthen overall guidance for all sectors of the rural economy. While continuing to maintain a steady and coordinated growth of agricultural production as a whole, vigorous efforts must be made to promote high-yield, fine-quality, and high-efficiency production. Efforts should also be made to continue the sound developmental trend of village and township enterprises by adopting effective measures to accelerate the development of rural enterprises in the central and western regions.

In addition, the ministry also decided within the next few days to streamline the administration and delegate more powers to ministry-affiliated enterprises. The powers for setting up organizations within enterprises, appointing and removing middle-ranking cadres, structuring personnel, and engaging managerial and technical personnel, which originally were controlled by the ministry, will be delegated to enterprises to accelerate the change in their mechanisms.

#### **Chen Jinhua on Changing Operation Mechanism**

*HK1211142692 Beijing LIAOWANG in Chinese No 37, 14 Sep 92 pp 4-5*

[Interview with Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, by staff reporter; place and date of interview not given: "Expedite the Transformation of the Operation Mechanism and Step Up Efforts To Gear Enterprises to Market Needs—Chen Jinhua, Minister in Charge of the State Commission for Restructuring the Economy, Talks About Economic Structural Reform"]

**[Text] Accelerating the Change in Enterprise Operation Mechanism and Pushing Enterprises to Market as Quickly as Possible Have Become the Main Melody in China's Current Economic Life**

[LIAOWANG] Encouraged by the important talks made by Comrade Deng Xiaoping during his southern trip in spring, all localities have further emancipated their minds, changed traditional concepts, introduced a number of important reform measures, and pushed reform and opening up to a new stage. How should we judge this favorable situation?

[Chen] In the course of profoundly understanding and comprehensively implementing the spirit of Comrade Deng Xiaoping's important talks, all localities and departments have regarded accelerating reform and opening up and focusing attention on economic construction as the top priorities of the party and government departments at all levels. In light of the gist of this year's economic structural reform, all localities have, in line with local conditions, worked out measures for

accelerating the pace of their reform. The scope of reform has expanded and substantial progress has been made in many fields.

—With effecting a change in enterprise operation mechanism as the focal point, relevant legislation has been enhanced and a breakthrough has been made in developing reform in depth and resolving the difficulties. For example, the "Regulations for State-Owned Industrial Enterprises To Effect a Change in Operation Mechanism," drafted and promulgated by the State Council, will be the focus for deepening enterprise reform and effecting a change in enterprise operation mechanism this year. Viewed from the previous stage, problems of one kind or another cropped up in changing the enterprise operation mechanism. Since the Regulations, the situation has improved somewhat. Instead of merely holding a mobilization meeting, all localities should attach great importance to the work, place it on the top agenda of reform, and do the job in a down-to-earth manner. In accordance with the document, it is necessary to strictly grasp publicity, study, and implementation.

Take another example, substantial progress has been made in the reform of enterprise labor, personnel, and wage systems. In addition, the pace of reform of the social insurance system has been accelerated. According to the statistics of 23 provinces, municipalities, and autonomous regions, some 40,000 enterprises have reformed their labor systems. A total of 95,000 state enterprises nationwide have linked their wages with efficiency, and initially established a mechanism for wage distribution which increased along with efficiency. To date, there are 2,272 cities and counties nationwide, or 96 percent of the total, where state enterprises have insurance for the elderly. Reform of the medical system is being tried out in some cities and a study of comprehensive reform plan is now under progress.

Yet another example: We promoted the experiments of enterprise mergers and bankruptcy, further standardized enterprise groups, and brought about the optimized combination of essential production factors and the readjustment of enterprise organizational structure. According to statistics, around 10,000 enterprises across the country have been merged and various forms of mergers transcending trade, regions, and ownership have emerged. A number of localities have selected enterprises suffering losses for a long time to undergo the experiment of bankruptcy. The courts are now handling 46 enterprise bankruptcy cases. In light of the standardization requirements, we also carried out industry-science-trade-finance integration and transformation work in 55 large state-level enterprise groups, through the means of the joint stock system. The joint stock experiment is one of the important aspects in this year's enterprise reform. The state has issued guiding documents one after another, and measures will be adopted to gradually advance toward standardization.

—Big steps have been taken in price reform, and the building and nurturing of the market circulation system have been accelerated. Regarding price reform, following the raising of grain prices by 18 percent earlier this year, marketing prices of grain increased by a wide margin commencing 1 April, bringing the purchase and marketing prices to the same level. In addition, we readjusted the prices and charges for some basic products and public undertakings, and further lifted the restrictions on the retail prices of some commodities.

Regarding reform of the circulation system and market nurturing, first, new headway has been made in all kinds of markets. Around two-thirds of the provinces and cities issued documents for speeding up market nurturing and further invigorating circulation. A number of provincial and regional level wholesale markets for farm and sideline products and manufactured goods, and markets for means of production, have been set up. Capital market, which includes all kinds of securities and stock markets, has developed rapidly, the issue of bonds has increased sharply, and transactions have been brisk. Second, reform of circulating enterprises has been further deepened. A total of 17 provinces issued documents in the government's name, introducing the experience of Chongqing's state-run commercial enterprises. A total of 9,234 enterprises across the country joined the experiments, accounting for 20 percent of the total number of state-owned commercial enterprises.

—Great progress has been made in various reform experiments at all levels. First, the county-level comprehensive reform experiment, which covers much ground, has developed rapidly. Since the beginning of this year, all localities have attached great importance to county-level reform. A total of 23 provinces, municipalities, and autonomous regions have selected 290 counties to undergo the comprehensive reform experiment, and have carried out bold reforms and wide ranging explorations. Second, five cities, including Tianjin, Wuhan, Chongqing, Guangzhou, and Changzhou, have been selected to undergo the urban comprehensive reform experiment, and some cities have obtained approval to go ahead with the experiment. Third, a number of important separate reform experiments have been introduced. For example, a number of provinces and cities were selected to undergo the comprehensive reform experiments of the social insurance system, separate tax system, and the issue of state bonds. Fourth, the State Science Commission and State Commission for Restructuring the Economy approved five cities, including Beijing, Wuhan, and Shenyang, to establish new high-tech industrial development zones, which could take the lead in establishing a new operation mechanism and system focused on the reform of property rights, labor, and distribution system; and explore the new road of comprehensive reform of the scientific and technological system and the economic system in the new situation.

—The scope and sphere of reform and opening up has been further expanded, and foreign economy and trade has further developed. The 28 cities and eight areas along the Chang Jiang, and 13 border cities in the northeast, southwest, and northwest, which are newly approved open cities, form a new structure of multilevel and all-directional opening up in the interior, with the cities along the coast, river, and border as the center. Use of foreign capital has been extended gradually from the production field to banking, commerce, and other tertiary industries. In the first half of the year, China approved 13,047 new direct foreign investment projects, involving negotiated foreign capital of \$14.6 billion, and the actual use of \$3.2 billion of foreign capital, an increase of 160 percent, 220 percent, and 95.6 percent respectively over the same period of the previous year.

#### **The Reform and Opening Up Trend Is Good, the Growth Is Normal, But Some Noteworthy Problems Have Cropped Up**

[LIAOWANG] In the course of speeding up reform and opening up, in your opinion, what are the problems to be noted?

[Chen] Generally speaking, in the course of speeding up reform and opening up, we should note the following problems: First, a change in government functions and stagflation in macromanagement reform. Although some explorations have been made in this regard over the years, the progress has been slow, and is lagging behind commodity economic development and the accelerated new situation of reform. This will affect, to a certain extent, the process of building and improvement of the new economic system. Some government departments are still used to the habitual administrative management methods. They continue to interfere in the specific production and operation of large and medium state enterprises. The protection of the vested interests and powers of some departments has particularly conditioned the substantial step taken in effecting a change in functions, and has hindered the change in enterprise operation mechanism. As the duties and work are not properly shared, some departments adopted measures and acted as they pleased, which lacked unified leadership and coordination and created numerous difficulties for the further deepening of some important reforms.

Second, there is uneven progress in reform. In the first half of the year, the situation of reform, opening up, and development grew quickly. In the course of rapid readjustment of some policies and focal points of work, a small number of localities and departments took a wait-and-see attitude, and one-sidedly expected the central authorities to offer preferential policies. Some units failed to open up their field of vision and did not firmly grasp the practical work concerning reform. Some others failed to follow the State Council plans and to earnestly sort out the documents issued during the economic readjustment and rectification period. As a result, many



policies and measures worked out under special conditions were not brought into full play in actual economic life.

Third, some new problems which have cropped up in the upsurge in the joint stock experiment merit attention. For example, some localities do not even have a clear target in carrying out the joint stock experiment. Instead of effecting a change in operation mechanism and increasing economic efficiency through the joint stock system, they merely focus their attention on pooling funds, expanding production, and developing projects. Instead of doing basic preparatory work, some localities blindly rushed into the joint stock experiment and particularly tried to be the first in issuing stocks in society. Most of the shareholding enterprises did not act according to the basic rules and standards of the joint stock system. A small number of provinces and cities ignored the stipulations of the State Council documents, established stock exchange offices without authorization, and issued shares and warrants in society without submitting application and obtaining approval from the higher authorities. As the relevant rules and regulations were not perfect and the management system was not strict, the listed stocks gave rise to abnormal phenomena.

Fourth, it is necessary to strengthen management and step up legislation for real estate operation. The chaos in real estate operation and the price fluctuations in real estate transactions have resulted in a loss of state assets and incomes from land sales going into the pockets of units or individuals. It is particularly noteworthy that some localities demanded lower land lease prices to attract foreign investors. Because of the confusion in real estate management, there have been frequent conflicts between various departments in the use and development of real estate.

#### **Further Emancipate the Mind, Transform Concepts, and Push Reform Forward in a Down to Earth Manner**

[LIAOWANG] A new upsurge in reform and opening up has started nationwide. To arouse the initiative and enthusiasm of the broad ranks of cadres and the masses, what should be the focus of work in the future?

[Chen] First, in light of the spirit of the national work conference on effecting a change in operation mechanism, and particularly the spirit of the directives of General Secretary Jiang Zemin, Premier Li Peng, and Vice Premier Zhu Rongji, the structural reform departments of all provinces, municipalities, and autonomous regions should work out specific measures for implementing the Regulations jointly with the Economic Commission (Planning and Economic Commission), the Bureau of Legal System, and departments concerned, and do good publicity, study, training, and coordination work. By formulating full sets of rules and regulations and specific measures, we should ensure that the decisionmaking powers are genuinely delegated to enterprises as pointed out by Comrade Jiang Zemin. It is

necessary to cooperate with the departments concerned, vigorously participate and organize implementation of the Regulations, enhance inspection and supervision, and maintain the seriousness of the Regulations.

Second, in light of the reform orientation of "small organ, big services," it is necessary to continue to do good comprehensive county reform, particularly the structural reform experiments, integrate structural reform with the measures adopted to promote county economic structural reform and development, and strive to take substantial steps in this regard.

Third, in coordination with a change effected in enterprise operation mechanism, it is necessary to cooperate with the departments concerned to accelerate reform of the social insurance system, particularly insurance for the unemployed and elderly, vigorously develop the tertiary industry, and build the relevant structure and mechanism so as to ensure the smooth progress of enterprise reform.

Fourth, focused on establishing a unified, open, competitive, efficient, and unimpeded market circulation system, it is necessary to vigorously promote reform of the price and market circulation system. The stress of this work should be put on further reducing the scope and varieties of prices set by the state for means of production, reasonably raise the public undertaking charges and prices of primary and basic products, speed up the transfer from the double track system for the prices of essential production materials to the market track, duly increase the state purchase price for major farm produce, and allow the localities with proper conditions to gradually lift the restrictions on the purchase and marketing of grain and other major farm and sideline produce. Meanwhile, it is necessary to step up inspection and supervision over the commodities whose price restrictions are to be lifted, and further develop and improve the market system. The focus is to nurture and develop a wholesale market, continue to build and improve a number of wholesale markets for farm and sideline produce in the important production areas and essential distribution centers, and resolve the problems of overstocked farm produce and trading difficulties. While further developing a market for manufactured consumer products, it is necessary to develop a market for essential means of production and develop markets for capital, labor, technology, and real estate in a planned manner under proper leadership. It is necessary to step up formulation of relevant market laws and regulations; revoke exclusive, discriminatory, and monopolized regulations and policies; remove all kinds of barriers; resolve the problems of barriers erected between markets and regions; and create conditions for establishing a unified, unimpeded big market.

#### **Economists View Socialist Market Economy**

HK0711080092 Beijing LIAOWANG in Chinese No 35, 31 Aug 92 pp 7-9

[Interview with economists He Wei (0149 0251), Fan Hengshan (5400 1854 1472), and Wang Jue (3769 3778)]

by Dong Ruisheng (5516 3843 3932) and Chen Dajun (7115 1129 6511); place and date not given: "Economists He Wei, Fan Hengshan, and Wang Jue on Building a Socialist Market Economic Structure"]

[Text] Recently, there has been much discussion in the papers about building a socialist market economic structure. Some readers wrote to this journal asking about the reasons behind building a socialist market economic structure, what characteristics it would have, and how to begin building it. Therefore, we interviewed economists He Wei [0149 0251], Fan Hengshan [5400 1854 1472], and Wang Jue [3769 3778] for their views on the above questions in the hope that this may help the general public understand and grasp what the market economy is all about.

[LIAOWANG] Why should China build a market economy in its pursuit of structural reform and in its effort to build itself into a modern socialist power?

[He] Fundamentally speaking, the market economy represents an inevitable choice for the maximum development of our country's productive forces at the present stage, and a logical development in the pursuit of the socialist commodity economy.

First, recognizing the commodity economy entails recognizing the market economy. The "decision" on economic structural reform at the Third Plenary Session of the 12th CPC Central Committee affirmed that China was pursuing a planned commodity economy and pointed out that the commodity economy was a stage which social development could not bypass. To develop the socialist productive forces, we must vigorously develop the commodity economy. This was a full affirmation of the historical status and functioning of the commodity economy. Recognizing the commodity economy entails recognizing the market economy. Because the market economy is the commodity economy's vehicle and the forum in which commodity economic relations are realized, there will not be a market economy without the commodity economy, nor will there be a commodity economy without the market economy. The two are inseparable. Judging from our country's practice of reform, there would not have been such a tremendous achievement had there not been the pursuit of the commodity economy and the development of the market economy. On the functions of the commodity economy and market, Marx and Engels pointed out in the "Communist Manifesto": "Great Industry built a global market which was made possible by the discovery of the American Continent. The global market brought about tremendous development in commerce, maritime industry, and railway transport, which in turn promoted industrial expansion." The productive forces' rapid development helped the capitalist class create—in less than 100 years of rule—more productive forces than all the productive forces it had ever managed to create in all of the previous eras. Of course, in developing productive forces, the capitalist class was seeking to obtain surplus value. But if it had been divorced from the

commodity economy and market, it would not have achieved its purpose. In the pursuit of socialism, we must develop the productive forces, with a view to raising the people's standard of living. But we must use the means of the modern market economy. We cannot label the market economy with the surname "capitalist" and shut it out simply because it has served capitalism. By itself, the market economy does not carry any inherent social attributes. When we put it at the service of socialism, it is socialist. Those views that exclude the market economy are bad for developing the socialist economy.

Second, make the socialization of production a reality through the market economy. The modern market economy was the product of the commodity economy's advanced development and a comprehensive and realized form for large-scale socialized production. A socialist society is built on the foundation of large-scale socialized production, and production relationships determined by this type of production's requirements. The ownership of capital goods by society and the socialization of production go hand in hand; this is why we call a society socialist. Modern socialization gradually took shape along with the commodity economy's development and under the market economy's guidance. The commodity production's development made the social division of labor ever smaller, and production became increasingly specialized and automated. This bound different kinds of production together in a more orderly form and formed a modern market economy in which different types of production interacted, checked, and relied on one another, thus forming a global economic whole. Economic fluctuations in our country will trigger fluctuations in the global economy, and global economic fluctuations will impact all countries. This is what we call a modern market economy. In the past, we were cut off from the world, and we ourselves closed our door. We were not relating to the world. Through purely human efforts, we built large-scale and comprehensive manufacturing enterprises in our country, thinking that this was what the socialization of production required. Looking back, we now realize that large-scale production in enterprises cannot be equated with the socialization of production. Because—whether it was large and comprehensive or small and comprehensive—producing everything without trading with anybody was in fact a self-sufficient natural economy. It is very difficult for this kind of economic model to achieve economic rationalization, and inevitably there are overlapping constructions resulting in great waste. To remedy this irrational division of labor, it is necessary to rely on the commodity economy's development and selection by the market economy. The social division of labor made possible by a market economy is realized through competition mechanisms and the law of the survival of the fittest. Only socialization realized on this foundation is modern socialization, and this is the only type that responds to socialism's needs.

Third, the market economy is a way to optimize and allocate resources. Natural resources under socialism are

limited. To fully exploit these natural resources, it is necessary to give a very important place to resource optimization and allocation. We used to view the market economy as capitalism, believing that market regulation is an anarchic system which would cause great waste; therefore we excluded it from socialism. This view is outdated, because there is already an element of planning in modern market economies. The state conducts intervention and limits the anarchic state to a minimum, so we cannot say that capitalism is without planning. Lenin pointed out a long time ago: "As early as 1891—when the Germans passed the Erfurt Program 27 years ago—Engels said that we could no longer say capitalism is without planning; such a saying is outdated. As we have the existence of trusts, we cannot say there is no planning." This means that socialism can use the market economy to allocate resources, which to a certain extent is even better than our original method of allocating resources through the highly concentrated planning economy.

**Fourth, deepening reform and expanding opening up require a market economy.** In the final analysis, our economic structural reform requires that a market economic system replace the planned economic system, because one characteristic of the original economic system is that all policies formulated by the state are based on distinctions of types of ownership, and the policies pursued by localities are different. Such a condition, where departmental policies are split from those pursued by localities, is tearing apart the entire national economy, preventing normal operations in production and circulation, affecting economic development, and producing great waste. Another characteristic of this economic system is that government departments hold all the production elements in their hands, disrupting the enterprises' allocation of production elements. Thus, an enterprise has no motivation from within and no pressure from without, and itself has no vitality. To change such a situation, it is necessary to reform the former economic system, build a vibrant and dynamic economic system—namely a market economic system—and turn the production elements held in government hands over to the market, where enterprises can buy the production elements they need. When enterprises can exercise the function of allocating resources, they will have vitality and vibrancy, and production will be able to develop at a high speed.

**[LIAOWANG] In light of the global economy, in particular Western economic operations over the last few centuries, what basic characteristics should a market economy have?**

[Fan] Here we should make it clear that the basic regulations or characteristics of a market economy refer to the global conventions or international norms of the market economy. These conventions and norms remain the same regardless of geographic or social changes. In this sense, I believe that a market economy has the following four basic characteristics: First, marketized

economic relations. All the subjects of economic activities are related to one another through the market. All economic behavior is directly or indirectly based on market relations. All production elements become commodities in the market, and market mechanisms become the fundamental operating mechanisms for pushing the circulation of production elements and promoting an optimal allocation of resources. Second, enterprises are independent in their behavior. All enterprises, including those of necessity held by the state, will have all the powers that commodity managers and producers require, including a high degree of independence to optimize their use of these powers. Hence, they can voluntarily face the market, keep track of market signals, especially price signals, and independently launch production and operation activities. Third, we must conduct macroscopic control on an indirect basis. Government departments will not directly intervene in enterprises' specific production and operation affairs, but will establish policies for different sectors of economic technologies, industries, and activities. They will guide, regulate, and standardize enterprises' operation activities in light of established social goals; remedy market inadequacies; and ensure healthy market operations. Fourth, we must put operation and management practices in a legal framework. All operation activities should be conducted according to a set of scientific and rigorous rules and regulations. Management departments will evaluate, control, and handle various economic activities according to the relevant laws, rules, and regulations. The whole economy will operate in a sound and scientific legal environment.

**[LIAOWANG] Does the market economy under socialist conditions have its own unique characteristics?**

[Fan] Yes, the inherent nature of the socialist economic system determines its market economy's characteristics. According to descriptions by the founders of scientific socialist theory and the practice of socialist operations, its unique characteristics are primarily seen in the areas of ownership relations and income distribution. 1) "All capital goods are owned by society"—public ownership. The public ownership economy is the national economy's backbone. In a sense, public ownership or societal ownership of capital goods occupies a primary position. Moreover, the process of economic operations strengthens the power of the public ownership economy. 2) A laborer "obtains from social wealth his share of consumer goods commensurate with the amount of labor he contributed"—distribution according to work. By its nature, labor is the most general or fundamental basis for income distribution and a unified basis for realizing maximum individual gain as well as common wealth for the entire people. Overall, the accumulation and circulation of income should fulfill the principle of higher rewards for more work.

**[LIAOWANG] Because the pursuit of a socialist market economy must embody or observe the market economy's international conventions and must also give consideration to the special nature and national characteristics of**



socialist production relationships, how can the two be better combined so that the inherent inadequacies of the market are overcome and we achieve an operational result that is better than the Western market economy?

[Fan] We should look for the most effective way for socialism to absorb and perfect the market economy's features on the basis of the scientifically grasped characteristics of the present stage of the socialist economic system. Primarily, we should grasp the following two points:

**First, scientifically understand the public ownership system and combine the realization of public ownership with complete independence of enterprises under the public ownership economy.** In fact, public ownership is not only shown in its form, but more in the results of its operations, namely increased value and expansion of public assets. Public ownership's dominant status is not wholly shown in the proportion it occupies in the overall economy, but more in its ruling power in key areas and its demonstrative and normative role and influences on other economic elements. Public ownership does not imply state ownership, and state ownership does not imply state operation. Therefore, enterprises under the public ownership economy do not necessarily belong to the state; nor are they in a nonindependent or only relatively independent position. The correct choice at the present stage should be, while maintaining public ownership in especially important infrastructural and public sectors, the separation of government from enterprises and operational rights from ownership rights to enable enterprises to have all the independent powers that they should under a market economy. Meanwhile, the possession and transfer of property rights, and the appreciation and maintenance of value should be done through the market for the purpose of decentralizing the dominant status of publicly owned property.

**Second, scientifically understand distribution according to labor, so that the determination, distribution, and regulation of income based on labor are done through the market.** As society develops, science and technology progresses, and economic relationships become increasingly complicated, manual labor will drop in proportion, while mental labor will rise. Similarly, human labor will drop and mechanical labor will rise. Labor becomes more complicated, and its forms are increasingly diversified. If we continue to determine income distribution using subjective calculations, it will not reflect objective reality and will discourage people's creativity. Therefore, under a market economy, labor quality should be determined by the market, and laborers' contributions should be evaluated by the market; and, on the basis of such quantification, the market will determine the distribution and regulation (including government regulation) of laborers' gain or income.

Apart from the two points above, in handling general or special relationships, we should pay special attention to employing scientific state planning and intervention to promote the realization of a socialist market which is

superior to the operational results of the market economy based on private ownership.

**[LIAOWANG] What kind of work should we embark on right now in developing a market economy in China?**

[Wang] To build a socialist market economic system in our country, to put it bluntly, we should **first foster a market and organize and build it.** In the past, we had only single-category markets like markets for living materials or consumer goods. All others were off-limits. To develop a market economy, we must build a national unified market system which covers capital goods, financial, jobs, and other services; property and real estate; technology; information; securities; and so on. A market economy means that all economic activities are carried out through the market to achieve a perfect allocation of production elements and resources. The present production element markets are all unsound; it is impossible to secure the best allocation, and the market cannot possibly operate normally.

While fostering and building a market system, we should also realize that the market is an area where the law of value operates. The law of value is realized through price fluctuations, so we should speed up the pursuit of price reform. The prices of most commodities should be deregulated, excluding those suffering from disequilibrium between demand and supply and those that are extremely important, for which the state should set the prices. This will result in the creation of market prices, which can promote the development of production. All these require that we increase the strength of price reform and seize the opportunity, which may lead to market-established prices.

The market is not perfect or without drawbacks, and, therefore, it calls for management. A complete set of normative and scientific market regulations and market order is the legal foundation for equal competition, fair trade, and legitimate operations, and hence for safeguarding the healthy operation and development of a market economy. This means that we must build socialist market laws and various systems, provisions, and ordinances to enable the market to develop orderly and gradually expand and prosper.

**Second, apart from fostering the market, we must also develop a socialist market economic system and let enterprises become the main bodies in the market.** Without the main bodies, we cannot develop the market. To obtain these main bodies, we need to guide enterprises toward the market and allow them to survive and develop through the market; only thus can there be a market economy. At present, foreign capital, joint ventures, private operations, and township and town enterprises are all fundamentally guided by the market. Some of the small enterprises under state ownership are also moving toward the market through leasing and other forms. Only large and medium enterprises have not yet moved toward the market—but state-run large and medium enterprises are precisely the main bodies and foundation

of the socialist economy. If they do not enter the market, we cannot say ours is a socialist market economy. Therefore, we must push state-run large and medium enterprises toward the market. The key to making enterprises become the main body of the market lies in the following two aspects:

1. We must reform the state asset management system. In the past, state assets were under an administrative management system in which the government held all state property, and administrative powers took the place of property ownership rights. There are several drawbacks to this system: 1) The main body's singular nature. Property ownership rights, possession and use rights, and the right to distribute returns are all held in the state's hands. Enterprises are necessarily deprived of powers and become appendages to or subordinate units under the government. 2) Splitting between departments and localities. State property is split up between departments to form government "chains" and is split up between localities to form "blocks." Each represents a large or small—but equally closed—system in which property becomes immobile and stationary. This in effect is a nonsocialized and a natural economic model which goes against commercialization and marketization. This is precisely one of the reasons why the public ownership system suffers from low efficiency. 3) Administrative monopoly. When property operation is conducted purely through an administrative hierarchy, we can call it an administrative and bureaucratic system, which inevitably violates economic law. If we do not change this system, enterprises will not have vitality, returns, or efficiency.

Regarding changing the law, I believe that we should first separate property from the state and then build a committee for the management of state assets to bring the assets under centralized management. Then we can get a large number of economic legal entities or organizations to act as trustees for the state asset management committee and become its agents for investment, operations, and absorbing investment in enterprises in the form of stockholding. In this way, centralized management will be formed in a system where public-ownership stocks are the main body and are complemented by various other stocks. In sum, it is "centralized management, separate operations, and concentrated use."

2. Reform the enterprise system. While reforming the state asset management system, there must be the pursuit of stockholding in enterprises to realize genuine independent operations, sole responsibility for profits and losses, self-restraint and development.

Third, a market economy in the real world cannot do without macroscopic control and regulation, whether it be a socialist or capitalist market economy. Therefore, we must pay great attention to building a macroscopic regulatory and control system. Here the key lies in changing government functions. In the past, the government spent enormous energy on microscopic economic activities. As the system managing state assets changes,

the government can turn to concentrate its energy on macroscopic regulation and control, specifically, drafting various policies, ordinances, provisions, and rules and regulations; regulating and controlling economic operations using economic levers and legal means; and serving economic construction.

### Seminar Discusses Economist Jiang Yiwei's Views

HK1111073092 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0727 GMT 6 Nov 92

[By staff reporter Jia Quanxin (6328 0356 2946)]

[Text] Beijing, 6 Nov (ZHONGGUO XINWEN SHE)—This was no ordinary seminar on economic theory.

It was extraordinary because the most well-known authorities in China's economic circles gathered in a hall to hold a seminar for the first time for an economist who is still living and in good health.

Jiang Yiwei, who is currently confined to bed, should feel gratified. Like the social value it has demonstrated, people's appraisal of his famous socialist economic democratic theory is eye-catching and appropriate. From the area of historical development and changes, people have easily come to realize that many of his economic views have played the role of a locomotive.

Beginning with the article entitled "On Enterprise Standard," which he published the moment reform was launched, to the works which he later published one after another, such as "On Employees as the Main Body [zhu ti 0031 7555]" and "On Economic Democracy," Jiang Yiwei developed his own unique systematic theory on economic restructuring, which is glistening with the rays of the times.

Some people summarized his enterprise reform theoretical system as one, two, three, four, and five. To put it another way, they are:

One entity—An enterprise should become an organism which has independent material interests, operates independently, and assumes responsibility for its own operation results.

Two transformations—referring to the transformation of enterprise operation mechanism and government functions.

Three major theories—referring to theories on enterprise standard, employees as the main body, and economic democracy.

Four separations—referring to separating government and enterprise functions; government and assets, taxes and profits; and investment and loan.

Five systems—referring to democratized enterprise ownership, operation, labor, distribution, and leadership systems.

Economists dubbed the profound connotations and guiding significance of the above-mentioned thinking. "The beacon light for modern enterprise to operate in accordance with market economic demands."

Confined to the limitations of understanding, his theory was not apprehended and was even objected to by certain people in those years. Nevertheless, the market economic theory established by the 14th CPC National Congress has once again positively proved to be the lead consciousness of Jiang Yiwei who abides by objective economic laws.

At the seminar held a few days ago, nearly 60 well-known economists, including Lu Dong, Yuan Baohua, Ma Hong, Liu Guoguang, and Gao Shangquan, aired their own views and fully affirmed and extremely highly appraised Jiang Yiwei's economic theory from different angles and against the background of the process of China's economic restructuring.

Praising him for his scholarship spirit characterized by "not simply following instructions from upper authorities and books and seeking nothing but truth," people call him a brave vanguard who dedicates himself to the great cause of reform and who fully deserves the name. Jiang Yiwei, now over 70, who advocated and promoted the implementation of a contract responsibility system in the Shoudu Iron and Steel Company, is suffering from cancer. In an article he dictated while enduring intense pain, Jiang Yiwei put forth the "30 Suggestions for the Improvement of Socialist Enterprise System." He once again displayed his strong sense of mission as an economist.

"We have agreed to see your manuscripts next year. The green hills will never let the red setting sun down." From the bottom of our hearts, we hope you will be well soon and will discuss reforms again.



## East Region

### Fujian Secretary Addresses CPPCC Committee

HK1311114692 Fuzhou Fujian People's Radio Network in Mandarin 1100 GMT 6 Nov 92

[Excerpt] The 20th standing committee session of the sixth provincial committee of the Chinese People's Political Consultative Conference [CPPCC] closed this morning. The session examined, discussed, and adopted a resolution on studying and implementing the 14th National CPC Congress guidelines and adopted a resolution on convening the first session of the seventh provincial CPPCC committee. According to the second resolution, the session will be opened in Fuzhou on 4 January 1993.

This standing committee session was aimed at an intensive study of the 14th National CPC Congress guidelines. During the session, Chen Guangyi, secretary of the provincial CPC committee and chairman of the provincial CPPCC committee, relayed the 14th National CPC Congress' spirit and apprised the audience of the spirit of the seventh enlarged plenum of the recent fifth provincial CPC committee, which was followed by heated discussions among the committee members. They offered many constructive suggestions on how to accomplish the grand and glorious task set by the 14th National CPC Congress in Fujian; how to upgrade Fujian's reform, opening up, and economic development to a higher stage; how to let the provincial CPPCC committee implement the 14th National CPC Congress guidelines better in all its work; and, in particular, how to make the provincial CPPCC committee's work obey and serve economic construction, the focus of all work. [passage omitted]

### Jiangxi Governor on Operational Mechanisms

HK1311085792 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 7 Nov 92

[Excerpts] Yesterday morning, Governor Wu Guanzheng presided over a provincial government work meeting to study reports presented by the provincial commission for economic restructuring and economic commission, on the province's situation in the enforcement of the "Rules and Regulations on Changing the Operational Mechanisms of State-Owned Enterprises." The meeting also made arrangements for further speeding up the enforcement of the "Rules and Regulations." Vice Governor Zhou Ziping, gubernatorial assistant Zhang Yinchuan, and responsible comrades of various departments directly under provincial authorities were present at the meeting.

The meeting pointed out: Our province has taken prompt actions in enforcing the "Rules and Regulations," and the influence has been very great. Our measures have also been effective. Our enterprises have been increasingly invigorated. From January to October, our industry increased more rapidly, and its economic

efficiency had been markedly restored. The meeting decided to devote major efforts to changing enterprises' operational mechanisms and transforming the government's functions to make a breakthrough in key issues. Decisionmaking powers stipulated in the "Rules and Regulations" must be completely and promptly delegated to enterprises. More decisionmaking powers must be delegated to the six experimental enterprises, including Jiangxi Cotton Textile, the printing and dyeing mill, and others. [passage omitted]

Governor Wu Guanzheng stressed: Now and in the days to come, party and government leaders at all levels must take the 14th CPC National Congress' spirit as their guideline to concentrate their main efforts on changing enterprises' operational mechanisms, and grasp the enforcement of the "Rules and Regulations" as a central task. They must personally study and solve those difficulties arising in the enforcement of the "Rules and Regulations," and other issues which concern the overall situation to ensure that various decisionmaking powers in production stipulated in the "Rules and Regulations" are truly delegated to enterprises. It is necessary to speed up the transformation of the government's functions. It is necessary to firmly grasp the work of changing enterprises' operational mechanisms to speedily push them to market. It is necessary to firmly deepen the three structural reforms inside enterprises, and improve contract responsibility system in operations. We must do well in separating profits from taxes, pursuing the shareholding system, and carrying out experimental work for changing operational mechanisms based on methods adopted by foreign-funded enterprises. We must sum up and popularize experiences of those experimental units.

### Shanghai Opens Up Wider for Foreign Investment

OW1311040592 Beijing XINHUA in English 0247 GMT 13 Nov 92

[Text] Shanghai, November 13 (XINHUA)—East China's Shanghai has opened up more scopes for foreign investment and simplifying examination and approval procedures in a bid to attract more foreign funds.

By the end of October this year the city had approved 1,576 foreign-funded projects, twice the figure for the same period of last year and exceeding the total from 1979 to 1991. The total investment of these projects reached 2.65 billion U.S. dollars, 6.9 times that of last year.

During the past year Shanghai has approved 365 foreign-funded projects, with a total investment of 450 million U.S. dollars. So far, the city has approved 2,853 foreign-funded projects, with a total investment of 5.98 billion U.S. dollars.

By the end of September the number of foreign-funded industrial projects in the city was 1,519, including 971 projects approved during the first nine months of this year.

The total output value of these foreign-funded industrial enterprises last year was 15.5 billion yuan (about 2.8 billion U.S. dollars), accounting for 7.8 percent of the city's total output value; while their total output value reached 17 billion yuan in the first nine months of this year, accounting for 10.7 percent of the city's total.

Foreign funds are being invested in wider fields these days. This year the service sector became the focus of foreign investment—in areas such as real estate, finance, insurance and information.

According to sources, Shanghai has adopted new policies allowing foreign investors to deal in transportation, information and entertainment.

### Central-South Region

#### Guangdong Secretary Speaks on Administrative Reform

HK1211132492 *Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 1 Nov 92*

[Text] Xie Fei, Guangdong Provincial CPC Committee secretary and CPC Central Committee Political Bureau Standing Committee member, at the eighth plenary (expanded) session of the Sixth Guangdong Provincial CPC Committee, which opened today, urged conscientious efforts at administrative management structural and organizational reform, and speeding up the pace of reform and modernization.

Xie Fei pointed out: Administrative management structural and organizational reforms are aimed at changing their functions, streamlining, cutting down staff size, strengthening services, raising efficiency and management levels, and promoting the development of a socialist market economy and productive forces.

The basic path of reform is to change the functions first, and then select capable people to do the jobs. Personnel must first be transferred to jobs connected with developing the economy and running enterprises, and after that they may be relieved from their public duties in party and government organs. We must find out which departments or functions are overlapping or similar in work duty. We may do this first at special economic departments, and later at general government departments.

#### Hainan Party Committee Discusses Economic Situation

HK1211133492 *Haikou Hainan People's Radio Network in Mandarin 2300 GMT 5 Nov 92*

[Excerpts] The other day, the provincial CPC committee held an expanded standing committee meeting on conscientiously studying the spirit of the 14th CPC Congress, further liberating the mind, overcoming ideological differences, and enhancing vigor. The meeting

resolved to speed up Hainan's pace of reform, opening up, and economic construction.

While holding various meetings to fully and faithfully relay the spirit of the 14th CPC Congress, the provincial CPC committee, setting a time limit, held the enlarged standing committee meeting. At the meeting, the provincial CPC committee and government leaders, relevant provincial people's congress and provincial committee of Chinese People's Political Consultative Conference leaders, as well as some department leaders, were convened to discuss the subject of, under the guidance of the 14th CPC Congress's spirit, further emancipating the mind and speeding up the pace of reform, opening up, and economic construction in the Hainan Special Economic Zone [SEZ]. They offered suggestions for further improving Hainan's reform, opening up, and economic construction.

After analyzing the situation and summing up the experience since Hainan became a province, the meeting participants all felt more confident. They agreed that since Hainan was upgraded to the provincial level five years ago, great achievements have been made in the building of Hainan SEZ. It is estimated that by the end of this year, the province's gross domestic product [GDP] will reach 12.7 billion yuan, 1.3 times more than the corresponding figure in 1987, and representing an average annual increase of 10.5 percent in the space of five years. This will be higher than the growth rate prescribed for the whole country. The per capita GDP will be 1,900 yuan, which will probably exceed the national average. Basic facilities have been greatly improved. Economic indexes regarding investment in fixed assets, absorption of domestic and foreign funds, financial revenue, and export have gone up significantly. The first-phase strategic goal for Hainan's development, prescribed when Hainan Province was being set up, has been fulfilled.

This year, the momentum of economic construction provincewide has been more gratifying. While new achievements in material civilization are being scored continuously, the building of spiritual civilization has been constantly strengthened. [words indistinct], redressing of unhealthy tendencies, education on socialism in rural areas, and comprehensive maintenance of social order have been proceeding healthily and smoothly and have generated marked results, creating a favorable soft environment for the SEZ's development. [passage omitted]

The meeting proposed that the work in the following respects be properly carried out: First, push ahead with structural reforms, revolving round the establishment of a market economy for Hainan SEZ. Second, further expand opening up; attract large quantities of domestic and foreign capital, technology, and capable people; and actively promote connections with other countries and cooperation with other regions in China, by seizing the favorable opportunity. Third, speed up the pace of economic construction. Fourth, unremittingly

strengthen the building of spiritual civilization and strive to create a fine, soft SEZ environment. Fifth, strengthen and improve the party's leadership to guarantee the smooth progress of SEZ development.

#### **Hainan Governor on Role of Science, Technology**

*HK1211143492 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 5 Nov 92*

[Text] To better implement the policy of making Hainan prosperous through science and technology, and take a further step in transforming science and technology into a productive force, the provincial authorities called a seminar on the strategies and tactics for bettering Hainan through science and technology in Haikou on 4 November. Governor Liu Jianfeng attended and addressed the seminar.

In his speech, Liu Jianfeng pointed out: Giving top priority to the work on science and technology is the [words indistinct] for fulfilling the objective of achieving supernormal economic and social development, and overtaking advanced regions. In the 1990's, the fundamental task is to deepen reform, expand opening up, improve the system of socialist market economy, and boost economic construction. To accomplish this task, we must rely on science and technology as the primary productive force; greatly increase the input into science and technology; strengthen the integration of science and technology with the economy; speed up the commercialization, industrialization, and internationalization of scientific and technological achievements; enhance the scientific and technological content of products and the role of scientific and technological advancement in economic growth; and truly bring economic construction into the orbit of relying on scientific and technological advancement.

The seminar will discuss, revise, and touch up the comprehensive report on the strategic issues concerning the bettering of Hainan through science and technology. Forty theses on bettering Hainan through science and technology were presented at the seminar.

#### **Hainan Governor Welcomes UN Industrial Experts**

*HK1311040692 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 4 Nov 92*

[Text] In the provincial government reception room yesterday afternoon, Hainan Governor Liu Jianfeng met a visiting UN team of experts, headed by Mr. Weber, a UN Industrial Development Organization official. The governor held cordial and friendly talks with them. The five-member team arrived in Haikou on 1 November by invitation to participate in Hainan Province's international market symposium.

Governor Liu Jianfeng told the UN experts: You come to Hainan at an important time after the triumphant conclusion of the 14th CPC National Congress. The 14th

party congress has announced that the goal of the economic restructuring in our country is to build a system of socialist market economy. After four years of reform and opening up, Hainan's market economy has taken shape.

Governor Liu Jianfeng then briefed the experts on the achievements in running the special economic zone in Hainan and on future development goals.

The UN experts said: Hainan Province has only been established for a short time but its achievements are very big and we are deeply impressed.

#### **Henan Secretary on 14th CPC Congress Guidelines**

*HK1311125092 Zhengzhou Henan People's Radio  
Network in Mandarin 2300 GMT 5 Nov 92*

[Excerpts] The fifth plenum of the fifth Henan provincial CPC committee was opened in Zhengzhou yesterday. Li Changchun, deputy secretary of the provincial committee, presided over the session. Provincial Secretary Hou Zongbin gave a speech entitled, "Grasp the Key Points, Proceed in Light of the Reality, Conscientiously Study and Implement Well the Spirit of the 14th National CPC Congress."

Hou Zongbin's speech was in three parts.

Part one: Fully recognize the great significance of the 14th National CPC Congress and enhance conscientiousness in studying and implementing the congress' spirit;

Part two: Several issues that should be understood and grasped with special attention in the course of studying and implementing the congress' spirit;

Part three: Implementing the congress' spirit entails great efforts in the improvement of ideological understanding and conduct of leadership groups at and above county level.

Hou Zongbin said that there are two aspects to full recognition of the 14th National CPC Congress' significance which are most important. First, this congress officially established Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as contemporary Marxism for China, a strong ideological weapon for accomplishing the new historical mission, and a lodestar for unceasing progress in China's socialist cause. It demands that the whole party be equipped with this theory. Second, this congress was an important meeting for the smooth transition of the leadership collective of the CPC Central Committee from the second to the third generation. [passage omitted]

Finally, Hou Zongbin called on all comrades at the plenum to study the documents well on the one hand and take account of the reality on the other; truly aligning their ideological understanding with the congress' spirit; and, in a more courageous and down to earth manner; keep pushing ahead with Henan's reform, opening up, and modernization



under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core.

Attending the plenum were members and alternate members of the provincial CPC committee and members of the provincial advisory and planning committees. Attending the plenum as nonvoting delegates were CPC member comrades in charge of the provincial people's congress, government, and committee of the Chinese People's Political Consultative Conference; and comrades in charge of city and prefectural party committees and departments directly under the provincial authorities.

### **Hubei Governor Speaks at Grain, Cotton Meeting**

*HK1311080792 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 7 Nov 92*

[Excerpts] Yesterday, the provincial government held its third telephone meeting on purchasing autumn grain, cotton, and edible oils to make all-round arrangements for the purchase in the next stage. Provincial government Secretary General Zhou Jianwei presided over the meeting. Governor Guo Shuyan and Vice Governor Han Hongshu made important speeches.

It has been learned that from 30 September up to the present, only one-third of the task of raising funds for purchasing grain, cotton and edible oil has been fulfilled, and that in the whole province only 51.5 percent of the purchases have been made in cash. Inadequate funds have brought numerous difficulties to the present purchasing work. [passage omitted]

The meeting maintained: To do well the present work of purchasing grain, cotton, and edible oils, it is necessary to overcome the dependent mentality and the idea of disregarding the overall situation. Party and government leaders in various localities and relevant departments must have a sense of political responsibility a high degree, and be fully responsible to the people in doing well the work of purchasing autumn grain, cotton, and edible oils. They must ensure that various measures for raising funds have been solidly formulated, and that they achieve practical efficiency in their work. Those main responsible persons who disregard the overall situation, refuse to carry out orders, go their own way, and fail to do their best to grasp purchasing work must be held accountable for their dereliction of duty and severe consequences incurred thereby.

The meeting stressed: Governments at all levels and various departments must focus their attention on tapping their internal potential, and raise funds by every possible means to ease the difficulty of a severe lack of funds. They must make efforts to make more cash purchases. [passage omitted]

### **Hunan Party Committee on Socialist Market Economy**

*HK1211131492 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 5 Nov 92*

[Text] From 2 to 4 November, the central provincial CPC committee standing committee study group, while conscientiously studying the 14th CPC Congress documents, concentrated on the theory of socialist market economy, discussing and conceiving measures to speed up the pace of reform and opening up and accelerate the development of Hunan's market economy. Provincial party Secretary Comrade Xiong Qingquan presided over the meeting.

Prior to the study session, the provincial party committee standing committee members and the provincial government leaders went separately to factories, rural areas, and government organs to investigate, while spreading the 14th CPC Congress' spirit. They held discussions with cadres and ordinary people to analyze the status quo of Hunan's economic development and reform and opening up, got to know the problems and difficulties encountered during the operation of market economy, explored the ways and measures to handle the problems, and thus fully prepared for the study session.

During the study session, everybody conscientiously took part in discussions by referring to their own thoughts and practice. The central study group comrades agreed that the theory of socialist market economy set forth by the 14th CPC Congress is a natural result of the development and deepened understanding of the 14-year reform and opening up, an objective requirement of the development of socialist commodity economy, another major breakthrough in the socialist economic theory, and our party's new contribution to Marxism.

Also, the comrades in the central study group, by referring to the theory of socialist market economy, analyzed our province's economic development situation since the beginning of the reform and opening up; fully affirmed the achievements scored in the reform, opening up, and economic construction; and analyzed some deep-rooted problems in economic development.

They believed: At present, we must seize the favorable opportunity, actively cultivate the market, step up the reform in market orientation, remove the deep-level obstacles in Hunan's economic operation, and upgrade the provincial economic development to a new height.

At the conclusion of the study session, Comrade Xiong Qingquan made a summary speech.

### **North Region**

#### **Tianjin Namelist of Newly Appointed Personnel**

*SK1311114592 Tianjin TIANJIN RIBAO in Chinese 4 Nov 92 p 2*

[Namelist of new appointees and personnel dismissals, decided upon by the Tianjin Municipal People's Congress Standing Committee and adopted on 3 November]

[Text] Guo Yingqiu [6753 6601 4428] was appointed chairman of the Tianjin Municipal Commercial Committee.

Zheng Xiheng [6774 6932 1854] was appointed director of the Tianjin Second Commercial Bureau.

Zhang Deming [1728 1795 2494] was appointed director of the Tianjin Municipal Communications Bureau.

Wang Juxing [3769 1565 5281] was removed from the post as chairman of the Tianjin Commercial Committee.

Jia Zhenyu [6328 2182 6877] was removed from the post as director of the Tianjin Municipal Second Commercial Bureau.

Li Zhikun [2621 5268 3540] was removed from the post as director of the Tianjin Municipal Communications Bureau.

### Northwest Region

#### Xinjiang CPPCC Standing Committee Meeting Ends

OW1311131092 Urumqi Xinjiang Television Network  
in Mandarin 1655 GMT 6 Nov 92

[From the "Xinjiang News" program]

[Text] The Sixth Xinjiang Autonomous Regional Chinese People's Political Consultative Conference [CPPCC] Committee Standing Committee concluded its 20th meeting in Urumqi yesterday. The meeting adopted

a resolution on conscientiously studying and implementing the 14th CPC National Congress guidelines and decided that the first session of the Seventh Xinjiang Uygur Autonomous Region CPPCC Committee will be held in Urumqi in early January 1993.

The meeting called on all CPPCC organizations at all levels and their members from all nationalities and from all areas in the region to conscientiously study and implement the 14th CPC National Congress guidelines; to follow, in conjunction with the reality in Xinjiang and their practical experience in work, the theory of building socialism with Chinese characteristics and the basic line of one center, two basic points; to adhere to the principle of long-term coexistence and mutual supervision, treating each other with all sincerity and sharing weal and woe; to improve the system of multiparty cooperation and political consultation under the CPC's leadership; to hold high the banner of socialism and patriotism; and to consolidate the patriotic united front for the new period to make contributions to advancing socialist democracy, the legal system, and the building of a socialist spiritual civilization, as well to creating a stable political and social environment for the smooth progress of reform, opening up to the outside world, and economic development.

Ba Dai, chairman of the regional CPPCC committee, spoke at the meeting's conclusion. Meihemati Simayi, vice chairman of the regional CPPCC committee, presided over the meeting.

**Trade Minister Hopes for Taiwan GATT Membership**

*HK1011100792 Beijing CHINA DAILY in English 10 Nov 92 p 1*

[Article by staff reporter: "Taiwan's Entry Into GATT: No Problem"]

[Text] China has reaffirmed it will not block Taiwan's access to the General Agreement on Tariffs and Trade (Gatt).

"We hope Taiwan will join the General Agreement on Tariffs and Trade as soon as possible after China regains its status as a contracting member of the world trade body," said Li Lanqing, Minister of Foreign Economic Relations and Trade yesterday.

He made the remarks at a meeting in Beijing with Charles R. Carlisle, Deputy Director-General of Gatt.

Li also said China will keep channels open with the Clinton administration-in-waiting to maintain sound economic relations with the United States.

"It's my personal view that it will do the U.S. good if it cultivates good relations with China," Carlisle said.

Some trade analysts predict the Clinton administration, once in office, might slow the process of China's resumption in Gatt.

One of the American fears is that China might prevent Taiwan from an early entry into Gatt if China is admitted first, they explained.



## Hong Kong

### Procedures To Be Simplified for Reporters Visits

OW1311104392 Beijing XINHUA in English 1018  
GMT 13 Nov 92

[Text] Beijing, November 13 (XINHUA)—The Chinese mainland will simplify the procedures for reporters from Hong Kong and Macao to come to the mainland to cover news, said a spokesman for the Hong Kong and Macao Affairs Office of the State Council today.

The spokesman said that the office has decided to revoke the rule of filing applications 15 days in advance for reporters from Hong Kong and Macao who wish to cover news on the mainland.

They may file applications with the Hong Kong office or Macao office of the XINHUA NEWS AGENCY and come to the mainland at any time provided they get the approval.

The spokesman said that news coverage on the mainland by Hong Kong and Macao reporters will help enhance their understanding of the mainland and the Chinese Government will do everything to facilitate their activities provided they observe the laws of the mainland.

The mainland has already provided many conveniences to Hong Kong and Macao reporters, the spokesman said, and with the deepening of the reform and opening to the outside world, the government departments will further simplify the procedures for them to come to the mainland and do more to make their reporting activities easier.

### Local XINHUA Office To Help PRC Workers

OW1311095192 Beijing XINHUA in English 0928  
GMT 13 Nov 92

[Text] Beijing, November 13 (XINHUA)—Chinese citizens abroad who have been invited to work for private institutions in Hong Kong will get full assistance from the Chinese Government on matters relating to their work in Hong Kong and to their returning to the mainland to see relatives or to travel.

The promise was made by leading members of the State Education Commission and the Ministry of Personnel today in response to the announcement by the British authorities in Hong Kong in September 1990 that Hong Kong will allow part of Chinese citizens in foreign countries to work with private institutions in Hong Kong.

According to reports from Hong Kong, there are some people who have already accepted the invitations and are working in Hong Kong.

The officials from the two Chinese Government departments said that Chinese citizens abroad who are working in Hong Kong may contact the Hong Kong office of the

XINHUA NEWS AGENCY, which will provide guidance and assistance to them on matters relating to their returning to the mainland to see relatives, to travel or to do business.

Chinese citizens living abroad who are working in Hong Kong but are holding official passports may exchange for private passports with the Hong Kong Visa Office of the Chinese Ministry of Foreign Affairs on the strength of the letter of introduction issued by the Hong Kong office of the XINHUA NEWS AGENCY. They may also contact the Hong Kong Visa Office of the Chinese Foreign Ministry on matters relating to postponement, adding notes and renewal of passports.

When they return to the mainland to see relatives, travel and do business, they will receive the same treatment as passengers from Hong Kong and Macao. Their spouses, relatives and children on the mainland who want to see them in Hong Kong may apply with the public security organs upon the certificates issued by the Hong Kong office of the XINHUA NEWS AGENCY.

If they have acquired permanent residence in Hong Kong but wish to return to the mainland to work, they may contact the State Education Commission through the Hong Kong office of the XINHUA NEWS AGENCY if they want to work in the field of education, but with the Ministry of Personnel if they want to work in non-educational field. They will receive guidance from the two departments on matters on employment according to relevant policies.

The leading officials of the two departments expressed the hope that Chinese citizens in foreign countries who are working in Hong Kong would observe the local laws and make their due contributions to the stability and prosperity of Hong Kong.

### Police Cooperate With Guangdong Counterparts

OW1311124792 Beijing XINHUA in English 1217  
GMT 13 Nov 92

[Text] Hong Kong, November 13 (XINHUA)—Police forces in Guangdong Province and Hong Kong have successfully cooperated in crackdown on crimes, trafficking and smuggling, contributing to the maintenance of public security and economic development in the two places.

Chen Shaoji, director of the Public Security Bureau of Guangdong Province, made the remarks in an exclusive interview with XINHUA here today upon his departure from Hong Kong after an official liaison visit to the Royal Hong Kong Police.

During his five-day visit he had an extensive discussion with commissioner of police Li Kwan-ha on further cooperation in combatting serious crimes. He also made an inspection tour of smuggling spots in the sea and visited related police departments.

Noting that trans-regional crimes have become universal at present in the world, Chen said it is inevitable that trans-regional crimes were seen between Guangdong and Hong Kong with China's opening up to the outside world and increasing economic links with Hong Kong.

In dealing with the trans-regional crime, Chen said, the connection between branches of the Interpol (International Criminal Police Organization) in the two places has become the main channel for their police forces to jointly to fight against crimes.

They keep in contact through a round-the-clock hot line and fax system. Whenever necessary, Chen said, emergency meetings can be arranged between officers of the two sides. Meanwhile, he said, some 1,000 letters have been exchanged between them since the establishment of the interpol Guangdong branch in 1986.

So far this year, Chen said, Guangdong police have captured and handed over to Hong Kong police 15 culprits, all Hong Kong residents who were wanted by Hong Kong police for violations such as firing, throwing grenades and attacking policemen.

"During my visit," Chen said, "Mr. Li Kwan-ha told me happily that Hong Kong has seen a 38 decline in number of violent criminal cases in the first 10 months of this year as compared with the same period of last year with very few registered after June."

Chen said Guangdong police has made great efforts to clear up cases involving weapons and stop them from flowing into Hong Kong. In the first nine months, he said, they seized 587 guns, more than 1,000 rounds of bullets, dozens of grenades, mostly from Vietnam.

Turning to car theft, another headache of the Hong Kong people, Chen said that over the past year Guangdong police have discovered and handed over to their Hong Kong counterparts 40 cars reportedly stolen in Hong Kong.

In addition, a circular issued by the Chinese Ministry of Public Security earlier this year bans the issuing of licences to right-hand drive cars. "In fact," he said, "Guangdong started the banning as early as last year," he said.

"We are willing to do as much as possible for the improvement of public security in Hong Kong," Chen said. "The public security represents an important factor in maintaining Hong Kong's prosperity and stability," he added.

He told reporter that Guangdong policemen expressed their love for Hong Kong people by taking life risk to fight against desperados with bullets in their billiard rooms.

"Hong Kong people have so much faith in Guangdong police that I as the public security director often received their letters asking for help in finding persons missing

and getting more information about traffic accidents they concerned," Chen said.

Chen admitted that police forces in the two places didn't understand each other enough due to long lack of contacts. However, he said, common struggle against crimes has strengthened their mutual understanding and friendship.

Referring to problems affecting their cooperation, Chen described the difference of laws in the two places as the major obstacle to further cooperation and exchanges between them. As a result of the legal difference, he said, police can do nothing to those who slipped into Hong Kong after committing economic crimes or murder in the mainland. "This problem should be solved as soon as possible," Chen said.

#### More Vietnamese Refugees Return to Vietnam

OW1311115492 Beijing XINHUA in English 1142  
GMT 13 Nov 92

[Text] Hong Kong, November 13 (XINHUA)—A group of 265 Vietnamese refugees went back to Vietnam today under the voluntary repatriation program of the United Nations High Commission for Refugees.

The group, the 133rd batch to go back under the program, comprised 87 men, 65 women, 52 boys and 61 girls.

The group brought to 10,636 the total number of Vietnamese migrants who have returned voluntarily this year, and to 24,616 the total number of returnees since the program started in March 1989.

#### Argentine Foreign Minister Stops Over

##### Says PRC Unlike Cuban 'Aberration'

PY1111165192 Buenos Aires NOTICIAS  
ARGENTINAS in Spanish 1219 GMT 11 Nov 92

[By Yvan Chemla]

[Text] Hong Kong, 11 Nov (AFP-NA)—Argentine Foreign Minister Guido di Tella told AFP today that the "phenomenal change" he saw in China has nothing to do with the "aberration" of Cuba, where "there is no change process."

The foreign minister added that, vis-a-vis the Cuban regime, Latin America for a long time took a "lenient attitude," which Buenos Aires decided to discontinue. He also denied the existence of a possible war with Chile and ruled out the possibility of finding a solution for the Malvinas Islands similar to the one found for the Hong Kong enclave.

Discussing his recently completed visit to China, Di Tella said he had confirmed a "totally irrevocable" opening and evolution toward a market economy. "The change hits you in the eye," he added. All it takes is to notice the laws and regulations implemented and the

amounts invested in the economic reconversion, said Di Tella, adding: "The Chinese triangle (China-Hong Kong-Taiwan) is the world's most [word indistinct] zone and it will become a world power (?within) 20 years."

Di Tella even championed China in the field of human rights, pointing out that the Chinese situation is not comparable to the "aberration" of the Cuban regime. On one hand, there is a huge territory with 1.2 billion inhabitants who must be fed and where "the (?people) come first;" on the other hand, (?there are) millions of people oppressed by a regime without the slightest hint of democratization.

"A disaster in China will not represent a human rights violation, but a violation of the lives of millions of people," emphasized Di Tella, who also considers it "difficult" that "the phenomenal change" taking place in this country (?will have a) "political impact."

Concerning Argentina's change of attitude toward Cuba, the foreign minister said his government had (?passed) "from an ambiguous to a clear position" and regretted the fact that Latin America had maintained a "lenient attitude" toward the "Cuban dictatorship" for such a long time.

Moving on, Di Tella said "there is no concern" in Buenos Aires over the arrival of Democrat Bill Clinton in the White House. Di Tella noted: "Concerning human rights, the Democrats' position agrees with the Argentine position." Concerning a possible increase in U.S. protectionism, the positions already expressed by Clinton are "very satisfactory," the minister added.

Di Tella also confirmed that, before traveling to Beijing, he had met in London with representatives of the "Kelpers" (Malvinas Islands inhabitants) who explained to him their concerns and to whom he explained the Argentine position. He added that "there was nothing secret" about the meeting and that it was "very positive that we met at Argentina's request."

Asked about a possible solution to the Malvinas (?conflict) similar to the one found for the Hong Kong enclave, Di Tella ruled out this possibility, emphasizing that "there is a huge difference" between the situation of one territory and that (?of the other one).

Concerning the Chilean-Argentine border (?issue), Di Tella noted: "There is no possibility of a war now," but "some commentaries on the agreement are worrisome." "The fire must be extinguished," he added.

When AFP asked him if foreign governments continue describing the Argentine Government as Peronist, the minister responded ironically that Peronism was never completely understood abroad, but conceded that the Peronism of the 1990's does not have much to do with that of the 1960's.

In conclusion, Di Tella emphasized the "enormous responsibility" of France, the EC, and the United States in the current world trade crisis, stressing that a failure in

the Uruguay Round would make them lose "the competitiveness battle" against China and Japan.

### Meets With Governor Patten

PY1211161192 Buenos Aires TELAM in Spanish 0051  
GMT 11 Nov 92

[By special correspondent]

[Text] Hong Kong, 11 Nov—Argentine Foreign Minister Guido di Tella has suspended his final activities in Hong Kong so that he can depart on 12 November for the United States. While there he will meet with various leaders of the Democratic Party, which won the recent presidential elections.

After meeting with Argentine businessmen, Di Tella told TELAM that the Democratic Party represents a "new U.S. political constellation," which he considers a "very interesting" phenomenon.

Di Tella decided to postpone his activities in Hong Kong this morning. He did not attend a dinner hosted by Argentine Consul Juan Pena, and canceled a trip to Miami where he expected to rest this weekend to recover from his "exhausting" tour.

Di Tella's visit to Washington completes the circle. He started his tour here before visiting Frankfurt, Germany; London; and the PRC.

Di Tella did not want to reveal the names of the Democratic politicians with whom he will meet because he does not want "to make any noise," but members of his entourage said that they are "old friends of Di Tella."

While Di Tella decided to give up his rest period on the U.S. coast in favor of visiting major political centers, one of his close aide hinted at the annoyance felt by the delegation and by Di Tella personally over a sketch published in THE WASHINGTON POST.

The sketch showed Argentine politicians trying to meet with U.S. President-elect Bill Clinton before he is installed at the Oval Office of the White House.

The drafting of his agenda for 13 and 14 November in the United States did not affect Di Tella's activities in Hong Kong. He met with British Governor Christopher Patten in this economic enclave, where foreign trade totals \$198 billion per year.

Christopher Patten, second in command to Lord Carrington and current head of the British Conservative Party [as received], received Di Tella at the colonial-style Government House in Hong Kong bay.

They agreed on the possibility of signing an agreement to guarantee investments compatible with those signed with the United Kingdom and the PRC in Beijing on 5 November.



The agreement will seek to increase the meager \$340 million trade exchange between Argentina and Hong Kong, which Di Tella describes as "the PRC's sales office."

During the morning, before meeting with Patten, Di Tella familiarized himself with details of the implementation of the Sino-British agreements signed in 1984, when former British Premier Margaret Thatcher, Li Peng, and Deng Xiaoping agreed on the return of the enclave to the PRC in 1997.

In an interview with Francis Lo, executive director of the "Hong Kong Development Council" [last four words in English], Di Tella learned about the situation of businessmen and the role and status of the island over the next five years.

Lo said: "Hong Kong and the PRC need each other."

Some 40 percent of the entire PRC foreign trade goes through the island and 70 percent of the foreign investment in the continent stems from Hong Kong. This is why Di Tella calls Hong Kong the PRC's "sales office."

Di Tella confirmed a rumor within the Argentine delegation: The establishment of a branch of the HKTD [Hong Kong Trade and Development Council] in Buenos Aires, not in Sao Paulo as was originally planned.

Foreign Ministry spokesmen said that Argentina "wants to take advantage of the economic power foreseen in the PRC triangle," which comprises Taiwan, Hong Kong, and the PRC.

During the afternoon, Di Tella addressed a speech to the "managers" of the world's major banks based in Hong Kong. Representatives of the Belgian Bank, the Morgan Bank, the Republic National Bank of New York, and Banesto, among others, learned about the goals of the economic plan promoted by the Argentine Government.

Answering Monima Sidique of the Morgan Bank on the possibility of devaluating the peso, Di Tella said: "No, that would entail a huge step backward, and we would lose credibility."

Answering Miron Mushcat, a Baring Securities analyst, on the possibility that the "two year economic boom" could be replaced by "failure" following the labor union's strike staged on 9 November, Di Tella drew a parallel with some historical events.

Di Tella said: "You still remember the bloody revolutionary strike staged in London in 1926. In Argentina, however, labor leaders have lost so much power that they have to organize their strikes on a Friday or on a Monday to encourage more support."

### Argentina Not Third World Country

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ARGENTINAS in Spanish 1225 GMT 12 Nov 92

[Text] Hong Kong, 12 Nov (AFP-NA)—Upon concluding his visit to Asia, Foreign Minister Guido di Tella

on 11 November said in Hong Kong that Argentina is no longer part of the Third World because it has abandoned the nationalization of the economy and an anti-U.S. stance in its foreign relations because they failed.

Before leaving the British enclave of Hong Kong, the foreign minister said: "We are trying to end with the public sector, not just with a part of it, but with the entire sector."

In a news conference at the Foreign Correspondents Club, Di Tella also was stern with respect to the nonaligned countries movement, questioning its *raison d'être*.

Di Tella said: "We have changed our basic alliances. Formerly, during the isolationist periods, we considered ourselves a Third World country or a nonaligned country."

Di Tella noted: "We were members of that group, but we already have left it. We decided that the nonaligned countries movement did not make any sense, at least for Argentina—and possibly for many others."

Argentina "believes it is much better to be an ally or partner of a smaller group of perhaps 30 or 40 leading countries—the Western alliance," Di Tella said.

Buenos Aires does not share the view of a world divided into a rich North and an impoverished South. Di Tella noted: "We do not believe in the North-South controversy. It does not reflect the real dilemma."

The economic policies implemented in the 1960's and 1970's "not only represented a loss of time, but also were very pernicious for the developing countries that believed in those ridiculous ideas that progress could be made without a balanced budget or that some inflation would not cause much damage."

In Di Tella's opinion, most Latin American countries, not just Argentina, now have implemented "common-sense" economic policies that are beginning to yield results.

Politically, however, there still exists some backwardness, "remnants of the past," such as the regional reluctance to press for Cuba's democratization.

"To hate the United States was the slogan of the 1960's and 1970's," Di Tella said. He noted: "For a long time, Cuba was considered to be a good dictatorship because it was a socialist dictatorship, but we believe it is not a good dictatorship. By definition, dictatorships are not good. Human rights violations are widespread in Cuba."

Discussing his recently completed visit to China, Di Tella [words indistinct] implements a policy of economic reforms, but, otherwise, remains opposed to democratization.

It is "obvious that economic development cannot be separated from the political consequences of such development," the minister said.

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